

abinet backs Mr Callaghan holding on until 1979

Callaghan's determination not to have a election within the next 18 months was artedly endorsed yesterday by Cabinet meeting at Chequers. Having ridden the c storm, the Government wants to reap efits in 1979 (our Political Reporter

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Hatfield, porter ministers came away hour strategy meet- hequers yesterday dly endorsing the e determination not a general election next 18 months at

re united in their e was not the case go, that the econo- was working, with ing brought down, having ridden the e past two years, nent should reap the e expected in 1979. eared to be some e, although not of eusions, on the sub- n, the Government e the first steps e. No decisions e but ministers all t from the forecasts e could be no real cu standards in the e, compared with a e cent in the past

ment was recog- a difficulty but to relieve it are the first of them, school-leavers who e jobs, is likely to be this week. ebour's continuation e dependent on reneal of the pact eals, there was a e view that could e brought about. e criticism of the eas when Mr Cal- e announced the deal eel, the Liberal e March from abinet e Shore, Secretary e the Environment, e Benn, Secretary e Energy, Mr Orme, e Social Security, e Hlan, Secretary e ofland, voiced their

here has been a e mood, and it was e that provided the e couched in intelli- e and that the e is prepared to e concessions, there e on why the pact e survive. eals have already e shape the Govern- e for propor- euation in direct e the European Par- e appears now that e will be prepared to e accommodation with e demands for more e enshrined in the e assembly for Scotland e will dominate the e's legislative pro- e next session. The e area of industrial e was also discussed, e was no detailed e of the Bullock p- eisters were united.

lecturer 78

Reith Lectures are a by the Rev Dr man, Dean of Peter- eidge. Dr Newman e been lecturer in e unbridge since 1965. e of his six half- e in BBC Radio 4 will e family and World

lesians 'will fight for every inch of nd rather than settle at any cost'

correspondent e June 26 e van der Byl, the e Foreign Minister, e today that his e fight for every e ground rather than e settle at any cost. e at a reception e wounded service- e: "We will con- e and every river, e and every town, e and every e will not let them

the history of e said, had a little e so many who e faultily for the e by enemies as was e United States e did all in their e amical and eco- e to strangle the e some and savage e our gates, back- e and eunured e by those who

New US survey on Concorde

Washington, June 26.—The United States Government plans to ask American cities other than New York and Washington whether they would accept flights by Concorde, Mr Brock Adams, the Transportation Secretary, said in television interview today.—Reuter.

Chancellor's point is underlined on stronger reflation by Germany and Japan to avoid worsening recession

OECD predicts more unemployment, but inflation down by next June

By David Blake Economics Correspondent

Growth so slow that unemployment rises to the middle of 1978 while consumption edges down. A fall in the inflation rate to single figures, and a substantial surplus on the current account balance.

These are the mixed prospects for the British economy outlined in the confidential background document studied by Finance Ministers at the Organisation for Economic Co-operation and Development.

The paper contains the latest forecasts drawn up by senior economists in the Secretariat of the 24-nation OECD for the period to the end of June 1978.

The prediction, which adds up to the 4 per cent growth forecast for the first half of the year, may play a key role in deciding the minister of the need to make a public commitment to more expansion.

The forecast predicts that by the first half of 1978 inflation will be running at around 8½ per cent though the OECD experts suggest that it will run at 13 per cent during the second half of 1977.

During the rest of this year they expect a slight increase in private consumption, but this will turn into a marginal fall in early 1978.

The cut in public expenditure is expected to make a significant deflationary impact during the second half of 1977 and to continue mildly deflationary in early 1978.

Investment is expected to go up somewhat while stocks run down. The only consistently expansionary force on the economy for the next 12 months is thought to be the external side, which will contribute 1.9 percentage points of the 2.3 per cent increase in GDP expected in the second half of this year and 1.3 per cent

	1977				1978				1979			
	1977	1978	1979	1980	1977	1978	1979	1980	1977	1978	1979	1980
U.K.	17.2	13	8.5	0	1	1	0	2	0	2	0	2
Canada	8.2	7	6.9	4	3	4	4	4	-4	-4	-4	-4
United States	5.9	6.1	5.8	5	5	5	5	5	-10	-10	-10	-10
Japan	9.2	7.7	7.6	6	5	5	5	5	8	8	8	8
France	8.7	8.8	8.2	5	3	3	3	3	-8	-8	-8	-8
Germany	3.9	2.3	3.4	3	4	3	3	3	1	1	1	1

points of the 1.6 per cent growth expected for early 1978.

No improvement is foreseen in the capacity utilization of industry, which is still little higher than it was in 1975.

The United Kingdom forecasts have to be considered in the light of the global picture presented to the ministers, and may be changed either by government action here at home or by faster expansion abroad.

The OECD forecasts underline the point made by Mr

Hailey about the need for stronger reflationary action by Germany and Japan.

Although their growth forecasts are not too bad (at least in the case of Japan) the increase in domestic demand is expected to fall sharply early next year.

Domestic demand in Germany, which grew by 4½ per cent in the first half of this year, is expected to grow by 4 per cent in the second half, is predicted to increase by only 2½ per cent in the first half of 1978.

In Japan domestic demand will grow at only 4½ per cent in early 1978, and nearly 8 per cent during the second half of this year.

This falling off in the buying power of the economy of the two strongest nations outside the United States is seen as being right at the heart of the issue of what is to be done

to avoid worsening recession. Japan and Germany are thought to be relying far too much on exports to keep their economies moving. This hurts other countries in two ways, since it cuts down the amount the Japanese and Germans buy from others and increases the extent to which they compete in third markets.

The inclusion of final domestic demand in the communiqué issued at the end of the ministerial session on Friday is seen as being of key significance since it will allow the OECD secretariat and all the other OECD members to look over the shoulders of policy-makers in Germany and Japan to see whether or not they are expanding home demand fast enough.

For the first time it will be possible to examine policies before they are implemented rather than afterwards when it is too late.

Prospect of Grunwick peace pact receding

By Tim Jones Labour Reporter

The prospect of peace in the Grunwick dispute receded last night when Mr George Ward, the managing director, said he would cooperate with a mediator into the dispute, but would not be bound to accept the conclusions of any inquiry set up by Mr Booth, Secretary of State for Employment.

His conditional acceptance of mediation was branded as disgraceful by Mr Roy Grantham, general secretary of the Association of Professional, Executive, Clerical and Computer Staffs (APECS). He had already undertaken to abide by the decisions of an independent mediator.

Mr Grantham said: "I cannot see any point in cooperating with a mediator when the other side has rejected in advance any part of the mediation they do not like."

In a letter to Mr Booth, Mr Ward stated that he would cooperate with a mediator "so far as my attendance at the High Court hearings permits". He said:

"Naturally I will cooperate so far as my company's resources permit with any inquiry you choose to establish, but when you ask that I should bind myself to accept its conclusions, that I must decline to do so and in so doing explain my reasons."

First, the essence of this matter is to be decided in the High Court on July 4. It seems to me an extraordinary procedure to conduct two inquiries at the same time, one of which has legal force and the other of which does not. Secondly, I have grave reservations about your view of a reasonable compromise. As I have explained to you under two circumstances, I should bind myself to accept any of those dismissed last August. This is not a wage dispute where the parties can compromise on 50 per cent of the claim. This is a fight for individual liberty and the rights of workers not to be coerced into joining a union which is not of their choice.

Upon that matter I cannot surrender because I would be betraying my staff as I do now. Thirdly, I have no practical way of enforcing upon my workforce any award that involves the reinstatement of dismissed employees. My existing workforce would leave the factory, never to return even if I suggest it, much less accept any such compromise. I have no wish to go to the use of my legal rights. Our government should act immediately to prevent illegal blacking of my staff. I do not want to.

Mr Ward's stance, and Mr Grantham's reaction is bound to disappoint the Minister although he described the tone of Mr Ward's letter as encouraging. It was reported that he intended to ask Mr Ward to meet him today.

Mr Booth, speaking on the BBC radio programme *The World This Week*, indicated that he had some doubts as to whether he was acting as mediator and added he was concerned that some things that had been said had cast doubts

Continued on page 2, col 5



Dancers at the 167th annual meet of the Morris Ring in Thaxted, Essex, yesterday.

33 injured after visit to the Fleet

From Our Correspondent Portsmouth

Thirty-three people were taken to hospital last night after a boat bringing them back from a visit to ships awaiting the jubilee review of the fleet smashed into a stone jetty.

All were relatives of sailors and had spent the day on board various ships which will be inspected by the Queen tomorrow.

The tug, Sea Giant, bringing them back to Portsmouth, struck the jetty and the injured were taken to hospital suffering from concussion, shock and bruising.

Mrs Peggy Moore, of Weymouth, was detained with a broken leg. Others left in time to catch coaches home to Dorset.

A rehearsal for the jubilee review takes place in the Solent today. The only ship missing will be the Royal Yacht Britannia, whose part will be taken by the helicopter support ship *Engadine*, which will steam between the Lines of ships stretching from Spithead almost to Southampton Water.

During the weekend, the biggest gathering of warships since the coronation aroused less interest than expected with crowds no larger than on normal weekends in June. The police, however, think there may be as many as a million spectators tomorrow at Southsea, Gosport and Lee-on-Solent for the review itself.

Navy divers were investigating yesterday a caustic marker "explosives" which was discovered near the warships anchored in the Solent. Reserves on parade: Reserves from Britain's Armed Forces will parade together for the first time before the Queen on Thursday night (our Defence Correspondent writes). The muster at Wembley stadium is believed to be the most representative gathering of the Services since Queen Elizabeth I reviewed her troops before the Spanish Armada in 1588.

On parade will be some 1,500 men and women of the reserve forces with 100 cadets and 200 bandmen, pipers and drummers. They will attend from all parts of Britain.

The Queen will be accompanied by the Duke of Edinburgh and by Admiral of the Fleet Sir Edward Ashmore, chief of the defence staff. There will be contingents from the Royal Naval Reserve, the Women's Royal Naval Reserve and the Royal Marine Reserve, with 10 contingents of the Territorial and Army Volunteer Reserve, the Royal Auxiliary Air Force, the Royal Observer Corps and naval, army and air cadet forces.

On parade also will be the massed bands of the TAVR regiments and the massed pipers and drummers will come from eight Scottish and Northern Ireland units.

The biggest ship, page 4

Djibouti proclaimed a republic

The new Republic of Djibouti was proclaimed at midnight last night, ending 117 years of French rule in the Red Sea. The accession of the territory to independence may upset the balance of power in the Horn of Africa. The two ethnic groups which make up the population, the Afars and the Issas, have long been at odds, but the neighbouring countries with which each group has affinities, Ethiopia and Somalia, are in a state little short of war. Some 4,500 of the 6,000 French troops stationed in Djibouti are to remain there for the time being, however, until a local military force has been trained. Arab states, especially Saudi Arabia, have promised aid as they have an interest in maintaining stability.

Exports face 25% shipping cost rise

British exports are facing a 25 per cent rise in shipping costs later this year as a result of talks now going on about currency adjustment factors which some countries say give Britain an unfair advantage in freight rates on world liner routes.

Talks on cutting gas profits

Profits made by British Gas which raised prices by 10 per cent in April, are too high under the present price control legislation. The Price Commission is having discussions with the state-owned corporation about ways of reducing the profit surplus.

Ovett sets UK mile record

Steve Ovett, of Great Britain, won the Debenhams Mile at Crystal Palace yesterday, beating John Walker, of New Zealand, the world record holder, into fourth place. Ovett's time was a United Kingdom record.

Features, pages 10 and 14. Lord Thomson looks at the development of the EEC since Britain joined: Lord Chalfont says South Africa must be reserved for all its people: David Steel says only one question really counts in the Lib-Lab pact. Leader, page 15. Leading journalists and press freedom, from Mr Michael Bower and others: Review of law on rape, from Lord Justice Lawton: John Birtchall reviews a new bulletin on the attractions of Marxism: Michael Church sees Parliament on EEC 1. Editorial, page 16. Obituary, page 16.

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Court	16	Salary	16		

Church rebel ignores Pope's ban

Flavigny-sur-Ozerain, June 26.—Mgr Marcel Lefebvre, the rebel French prelate, today pointedly ignored his most severe papal warning to date and ordained a young priest in private here.

Mgr Lefebvre, whose opposition to church reforms has brought him close to excommunication, plans publicly to ordain 14 priests and 22 subdeacons this week at Econe, Switzerland.

The Pope warned him in a letter last week that if he performed the Econe ceremony he would be taking an "irreparable step".—Reuter.

Irish Labour leader resigns

Mr Brendan Corish, leader of the Irish Labour Party, has resigned. He said his decision was not a result of the election defeat of the national coalition, of which his party formed part. The parliamentary party meets on Friday to choose a successor.

Italian bridge team faces ban

The Italian bridge team may be barred from the world championships later this year unless the national federation can come to a positive conclusion about allegations that Italian players have used private codes to signal to their partners. The Italians have been given three months to complete the inquiry.

Poetry Society: Moderates gain victory in elections to council 2. Housing: Crusade for home ownership promised by Mr Heseltine. Conservative environment spokesman 3. Madrid: Leaders of Spanish Communist Party reject the Soviet Union as model for a socialist society 4.

Short, pages 7-9. Golf: Scotland win European amateur team championship: Racing: Longchamp and Irish Derby winners: Cricket: Leicestershire have pace victory over Surrey in John Player League. Business News, pages 17-19, 24-27. Financial Editor: Revaluation at 100. Securities: Southern's new issue the buyer's paradise: Local authorities go longer without local council elections: The self-regulators take the initiative in the City.

Business Features: Maurice Corina examines implications of the merger proposals between Rayrolle Parsons and Clarke Chapman. Business Diary in Europe: A cliff-hanger for the nuclear partners. Business management: Margaret Stone on the attractions of Marxism: health insurance: Nuffield on participating in a search for higher productivity in the office.

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Lawyers to strike for civilian rule in Ghana

Accra, June 26.—Ghana's lawyers today threatened to stop work next week if the ruling Supreme Military Council did not begin moving towards a return to civilian rule, the Ghana News Agency reported.

The Ghana Bar Association gave the Military Council until Friday to hand over to a presidential commission which would run the country's affairs until civilian rule could be restored.

The armed forces, led by General Ignatius Acheampong, have held power since a bloodless coup in January 1972. Last Friday professional bodies representing doctors, engineers, bankers, chartered accountants, veterinary surgeons and surveyors all also threatened to withdraw their services if the Government failed to resign next month.

According to the agency, the lawyers' ultimatum is the climax of a campaign against the military Government. At their annual conference last year, they demanded a return to civilian rule by 1978. Early this year they rejected the Government's proposals for "union government".

They called instead for a return to party politics which they contended was the only way to ensure democratic rule. The Greater Accra branch of the Bar Association began a strike on June 17 stopping almost all court proceedings in the capital.

University students have also demanded the Government's resignation. On May 13, the universities were closed after students' demonstrations over the high cost of food. They reopened on June 11, but were closed again three days later after violent anti-Government incidents.—Reuter.

Ford strike

Milwaukee, June 26.—A golf spectator was hit on the head yesterday by a ball struck by former President Ford. The man needed six stitches and was kept in hospital overnight.—AP.

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ME NEWS

ish Gas
to
profit
plus

Gas, which raised 10 per cent in April, is now being sold at a high under the present price controls. The commission confirmed that discussions were held with the state-owned gas companies about ways of raising the price to a profit level.

In excess of price controls, the commission has been unable to do much since the price was raised in April. Wedgwood Benn, of State for Energy, said the commission is likely to be able to do more in the future, but that method is not yet decided. The price is expected to rise to 27p a therm, which would be a 10 per cent increase on the current price of 24p.

usual methods are for use to be used to raise price rises or to lower gradually. The commission is also likely to be concerned with the going to take. It has been decided to dictate the price of gas.

British Gas Corporation is a public corporation, but it is not a company. It is a public corporation, but it is not a company. It is a public corporation, but it is not a company.

ar's improvement in the gas market is a result of the fact that the gas companies are now able to supply gas at a price which is lower than the price which was paid for gas in the past.

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ted Kingdom's £430m to EEC budget

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Sinatra sale: Picasso's "La Place de la République, Rouen" is among impressionist paintings owned by Mr Frank Sinatra which are to be sold in London by Sotheby's today.

20-fold rise in students
helped by literacy drive

By a Staff Reporter

There has been a 20-fold increase in the number of students helped by the adult literacy campaign since it began five years ago, Sir Michael Swann, the chairman of the BBC, says in a review of the BBC's contribution, published today.

"We believe," he writes, "that about 100,000 adult non-readers have now received some remedial tuition for the first time since leaving school."

In 1973 only 5,000 adults were getting help with reading and writing; it is estimated that two million adults in this country need help.

Disabled pupils
'do better' in
ordinary schools

Physically disabled children who go to ordinary schools often cope better than children who go to special schools, a study by the Thomas Coram Research Unit of London University says.

The study, published today, found that children at special units in ordinary schools were slightly better at reading than children in special schools. Equally significant, children who had been, or were in, ordinary classes were also doing slightly better than those with similar handicaps and the same intelligence levels, who had never been in an ordinary class.

Most of the disabled children in England and Wales are educated in special schools.

The researchers, Miss Christine Cope and Dr Elizabeth Anderson, recommended that local education authorities, especially those without adequate special schools, should consider setting up carefully-planned units for physically handicapped children in selected schools. Special Units in Disabled Schools (University of London Institute of Education Studies in Education, 6, E2 9J).

GCE examiners
reject return to
group certificate

The Joint Matriculation Board has warned the Department of Education and Science that a return to a group certificate system of examination could have undesirable effects on the school curriculum.

The board, a GCE examining body linked with Manchester, Liverpool, Leeds, Sheffield and Birmingham universities, said yesterday that even if a common core curriculum were to win favour, the pupils or schools were unlikely to be served by the introduction of a group certificate at 16-plus.

There had been great changes since the old school certificate was in force, the board continued. The certificate had then applied only to a small part of the school population, and even then with effects that were not entirely beneficial.

Under a group certificate system, if the minimum standard was fixed at the CSE grade 1/GCE O level grade C mark, it was doubtful whether more than a 10th of pupils would qualify. If it was decided that half of the age group should get the certificate, the standard would have to be well below CSE Grade 5.

Exchequer, June 17

Student grants: The cost to public grants for maintenance and fees to students in higher and further education in Britain in the academic year 1976-77 was about £410m for home students and about £23m for those from overseas.

Education, June 17

Road accidents: The accident rate by type of road and severity last year, expressed in terms of 100 million vehicle kilometres, was: All roads: fatal, 2.4; serious, 26; slight, 73; all severities, 101. Motorways and A(M) roads: 0.8; A roads: 1.0; B roads: 1.5. Other roads outside built-up areas: 2.8; 3.7; 12.0, 16.0. Other roads outside built-up areas: 2.2; 1.8; 2.2, 5.2.

Transport, June 17

Crossing fatalities: Pedestrians killed or injured at pedestrian crossings in 1972, 1974, and 1975 were: 1972, 1974, 1975.

Transport, June 16

National Land Fund: During the past 20 years stocks totalling £44,120,289 were purchased on the open market through the Government Broker on behalf of the National Land Fund. In addition Treasury Bills totalling £79,869,935

Tax relief for private
landlords suggested

Proposals for improving the quality and quantity of privately-rented accommodation, including tax relief for landlords, are made today by the National Consumer Council.

In its evidence to the Department of the Environment's review of the Rent Acts, the council calls for new tax relief for private landlords as an incentive to keep properties in good repair. It suggests that private rents should be based on comparable council rents in the area, not on capital property values. Because this could in some cases mean higher rents, the council recommends phased decontrol related to a programme of improvement and repair.

Because some landlords are getting round the Rent Act regulations, by, for instance, passing off permanent accommodation as "holiday lets", only two kinds of letting should be allowed in future it says. These would be a "tenancy" and an exempted letting, the latter to cover accommodation used for genuine holiday lettings.

Fines for harassment and illegal evictions should be raised to £1,000 and/or up to two years' imprisonment, plus damages for the tenant's loss. There should be a new housing court to consider all housing matters at present covered by magistrates' court and Crown Courts and to take over the functions of the rent assessment committees and some of the powers of rent tribunals.

The council also advocates stronger powers for repairs to be made available to tenants and local authorities, linked to a change in the improvement grant system.

But in the long term, the report says, owner occupation, council housing and housing associations are the only real answer for most of those who rent from a private landlord.

Neville Hodgkinson writes: Two housing reports published today have a common conclusion: that many private landlords are either unable or unwilling to carry out repairs. Both reports are written

from the point of view of tenants, but they show some understanding of the plight of those landlords who are subject to anomalies in the rent-fixing system.

In its evidence to the Government's review of the Rent Acts the National Association of Citizens' Advice Bureaux refers to a woman of 83 living in a privately-rented home which for five years has been without piped hot water. She has been told repeatedly by the landlord that the net rent of the property after deduction of rates, insurance, collection and maintenance is 12p a week, which must be borne in mind when calculating any future expenditure on the property.

In a paper called *The Failure of Private Landlords to do Repairs*, the association says that "bureaux throughout the country have given examples of hundreds of cases of severe hardship endured by private tenants living in bad conditions."

It says tenants should be entitled to deduct payment for essential repairs from rent due; and grants for repairs for landlords with financial difficulties should be made more easily and quickly available.

Shelter, the campaign for the homeless, also calls for wider availability of local authority grants and loans for improvements and repairs in its evidence for the Rent Acts review. Its proposals for improving the lot of tenants include further restrictions on landlords, and reforms in the rent-fixing system.

Shelter rejects the argument that the abolition of rent control and security of tenure would restore the private rented sector. It says that during two periods of decontrol, 1923 to 1939 and 1957 to 1964, the decline of private renting accelerated.

Economic factors such as the attractiveness of owner occupation and council housing, with the government subsidies that may accompany them, have been responsible. It argues that Britain must accept that the decline is inevitable and make provisions to meet it.

Tories will
expand
ownership of
homes

By John Young
Planning Reporter

A rapid and irreversible expansion of home-ownership will be among the highest priorities of a new Conservative Government. That was made clear by Mr Heseltine, Opposition spokesman on the Environment, in a speech to the Devises Conservative Association at Hungerford on Saturday.

Mr Heseltine's motive in choosing that occasion to deliver an important policy statement was doubtless the imminence of the Government's housing policy review to be published tomorrow. Not only will his party do everything in its power to reduce local authority housing ownership to a minimum, but it is also considering ideas for helping first-time buyers which go well beyond anything likely to be contained in the Green Paper.

As incentives to first-time buyers, Conservatives favoured two schemes in particular, he said. The first was a maximum mortgage rate to be ensured by adjusting as necessary the composite rate of tax paid by building societies; the second was a Government grant of £1 for every £2 saved towards a deposit as a scheme of this sort already operates successfully in West Germany.

In its "crusade for home ownership" the party would introduce a legal right for millions of council and new-town tenants to buy their homes.

Mr Heseltine observed that inertia or opposition to the shrinkage of their "empires" would persuade council bureaucrats to delay the process. For that reason he favoured the use of private estate agents to deal with tenants' applications to purchase; the Government should consider providing standard deeds and compulsory arbitration in the event of disagreement on the assessed market price.

Mr Whitelaw backs
pledge to Europe

By Our Political Editor

Mr Whitelaw, deputy leader of the Conservative Party, strongly supported Mrs Thatcher's Europeanist stand in Rome last Friday when he addressed a Conservative meeting in Clithorpe, Lancashire, yesterday.

Arguing for direct elections to the European Parliament, he went a long way to confirm that the Shadow Cabinet had decided overwhelmingly at a recent meeting in favour of vindicating the party's European commitment to the limit. It is said that there were only one or two contrary voices.

That may prove important for the future of the Government's European Assembly Elections Bill, published last Friday. "The overwhelming majority of the British people who voted in the 1975 referendum to stay in Europe," Mr Whitelaw said, "knew that the European garden was not going to be a bed of instant roses."

Mr Whitelaw went on to speak of the campaign by the Labour left to prove that United Kingdom membership of the EEC had been disastrous for the housewife and for Westminster. Mrs Thatcher has ordered Conservatives to produce conclusive research information on the issue.

Mr Whitelaw said it was important to keep clearly in mind the underlying motive behind the left-wing attack on Europe. By arguing that United Kingdom membership of the EEC had caused massive unemployment and endless rises in food prices, left-wingers hoped to allay the suspicion, now growing rapidly among the people, that it was three years of socialist policies that were the real cause of the fall in living standards.

"But I do not believe that people in Britain will be persuaded that crippling taxation, endless inflation and soaring unemployment, particularly among young people, were designed by Germans, Frenchmen or Italians. They know that these scars on our society can very largely be traced back to the Labour Party which has sought quite

openly to destroy reward, incentive, and individual freedom.

"Undoubtedly the left is planning to cover up their failures by using Europe as a bogymen. But fortunately their crude propaganda is exposed by a few members and ex-members of their own Labour Government." He referred to Mr Hattersley, Secretary of State for Prices and Consumer Protection, and Mr Jenkins, president of the EEC Commission.

Mr Whitelaw said there was a legitimate debate about how European bureaucracies could be controlled and how the housewife and the farmer could be helped through the most efficient use of Community resources. Many European partners shared that view. As a first step towards achieving those objectives the United Kingdom should surely press ahead with direct elections.

A directly elected European Parliament would be a useful aid and ally to national parliaments in seeking to devise ways of helping not just the British but the European housewife, the European wage-earner and the European farmer.

Presenting a split: Mr Gavin Strang, Parliamentary Secretary, Minister of Agriculture, said yesterday that the Prime Minister's decision to allow a free vote for ministers on the European elections Bill reflects the deep division of opinion in the Labour Party over Britain's membership of the EEC.

Mr Strang, who was speaking at a party meeting at Muselburgh, Lothian, said the division was as old as the Community. The free vote, like the referendum, arose out of a desire to prevent the difference becoming a dangerous split.

"It would be tragic if the consensus of a free Commons vote on direct elections were to be shattered in the month's ahead by a major split on the question of British withdrawal from the Community."

George Thomson, page 14
David Wood column, page 15

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Type of crossing	1972	1974	1976
Manually controlled:	240	232	280
Light controlled at junction	892	1,012	915
Light controlled: not at junction	287	289	605
Uncontrolled	5,117	4,349	4,408
All known crossings	6,536	5,881	5,818

Transport, June 16

HOME NEWS

Oil tanker is biggest ship in Fleet review

By Henry Stanhope
Defence Correspondent

The Queen will review the fleet at Spithead tomorrow when 175 ships from Britain and 17 other countries will celebrate her silver jubilee and Britain's maritime heritage.

The first royal review of such a scale since 1773 was held in 1953 by George VI, who was towed out to his man-of-war by 12 tugs. "Carriers" from Portsmouth, 12 of the finest in the town, as he later remarked.

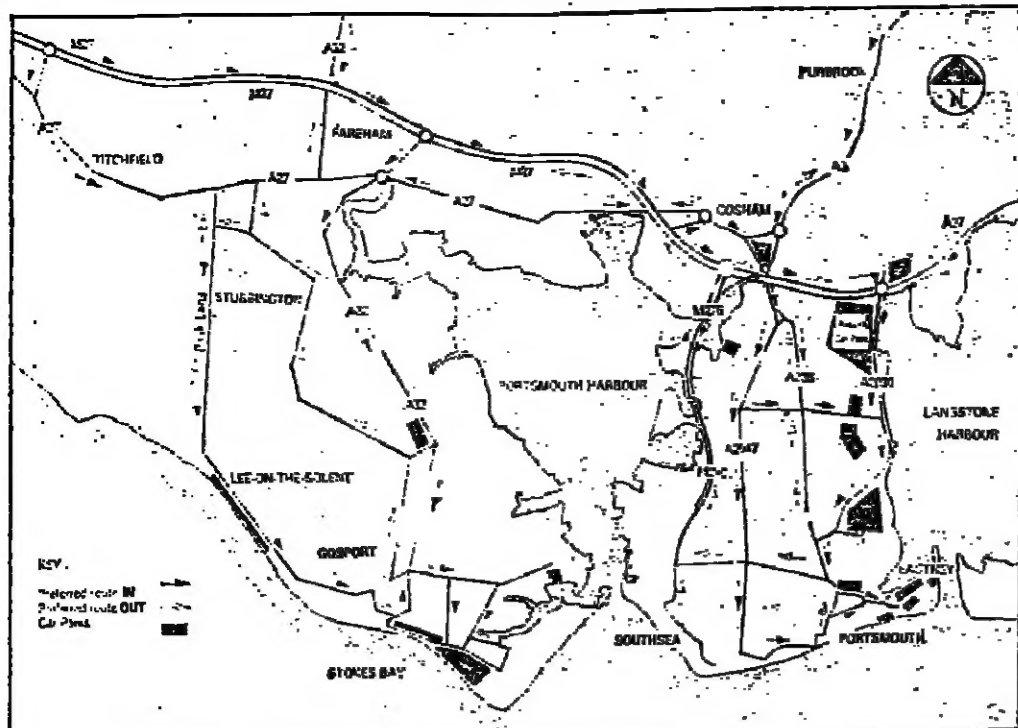
The last was in 1953, when the Queen, shortly before her coronation, steamed in the royal yacht Surprise past 195 ships of the Royal Navy, still the second largest in the world, with five battleships and 11 aircraft carriers embodying the memory of former glories.

On Tuesday, the thirty-fifth royal review since 1773 will display a very different fleet, with most of the 112 ships of the Royal Navy and Royal Fleet Auxiliary dwarfed by Britain's sole remaining aircraft carrier, the 43,000-ton Ark Royal, which is to be scrapped next year.

It is a sign of the times that the largest vessel on show will be an oil tanker, British Petroleum's 277,000-ton British Respect.

Among the oldest will be HMS Melburne, a 16,000-ton aircraft carrier launched for the Royal Navy in 1945 and transferred to the Australian Navy in 1962. The newest will be HMS Birmingham, a 3,500-ton guided missile destroyer, commissioned less than six months ago, which will carry members of the Admiralty Board down the line in the wake of the Royal Yacht Britannia.

But if the ships in the thin grey line are smaller and fewer, with guided missiles replacing the guns that once reared at Lundy or the River Plate, the colour and spectacle of the



Recommended routes for motorists visiting Portsmouth for the Fleet review.

silver jubilee review should be little diminished.

The Britannia, with the Queen, the Duke of Edinburgh, the Prince of Wales, Princess Anne and Captain Mark Phillips, will steam at a careful eight knots on a 15-mile circuit of the ships, preceded by the Trinity House vessel Patricia. Behind will come the Birmingham, the Royal Fleet Auxiliary vessel Engadine with several hundred journalists on board, and three more RFA ships carrying members of the Government, MPs, ambassadors, representatives of industry and trade unions, ex-Servicemen's organizations and naval holders of the Victoria Cross and George Cross.

The royal yacht will leave the South Railway Jetty at Portsmouth Dockyard at 11am and the two-hour review will start at 2.30pm after a royal salute. Then at 4.45pm there will be a flypast of 154 aircraft from the Fleet Air Arm, including 110 helicopters.

After a reception on board the Britannia for ratings from the Fleet, the Queen and the Duke of Edinburgh will dine on board the Ark Royal as guests of Admiral Sir Henry Leach, Commander-in-Chief, Fleet. The Queen will begin an official visit to Portsmouth on Wednesday, after the return of the Britannia and the dispersal of the review ships.

For the million or so visitors expected in Portsmouth, there will be a fireworks display on Southsea Common, while the ships anchored in the Solent will be illuminated tomorrow night.

Apart from the Ark Royal, Royal Navy ships taking part will include HMS Hermes, formerly an aircraft carrier and now an anti-submarine cruiser; the Fearless, an amphibious assault ship; two cruisers; eight missile destroyers; 14 submarines; and as many frigates, mines countermeasures vessels and other assorted craft.

Other British craft taking part

include a British Rail ferry, the Post Office ship Iris, up to six fishing boats and the MV Granville, representing the Commissioners of Irish Lights. Ships from other nations will represent Britain's allies in the Commonwealth, Nato, the EEC and the Central Treaty Organization. The United States Navy is contributing two nuclear-powered vessels, the submarine Bluefish and the cruiser California. No ballistic missile submarines will be on show, not even Britain's Polaris boats.

On Monday, Correspondent writes: Hampshire Police have drawn up a special traffic and parking plan which provides 75,000 extra parking spaces for private cars.

The essence of the plan is that motorists should approach the area on the "preferred routes" recommended by the police, who will direct them to the visitors' car parks. Drivers are asked not to use the A275 into Portsmouth, as access to car parks from that direction will be difficult.

Other British craft taking part

ASH attack on tobacco substitutes

By John Roper
Health Services Correspondent

The marketing of tobacco substitute cigarettes next Friday has been preceded by unjustified promotion which has given a false impression to the public. Action on Smoking and Health (ASH) says today. It calls for strict control of advertisements immediately.

The anti-smoking organization says in a letter to Mr Ennals, Secretary of State for Social Services, that statements by ministers, emphasizing that cigarettes with substitutes must not be seen as safe, have been more than countered by the weight of advertising.

The letter says that if it is not possible to introduce effective

controls on marketing or to provide full details of health monitoring before July 1, the marketing of part-substitute cigarettes should be deferred.

Brands containing NSM and Cyrel, as well as the substances themselves, have been heavily promoted, ASH says. Much of the publicity is directed to their novelty.

According to ASH advertising and public relations efforts in preparation for the launch have been of unprecedented intensity. Little emphasis has been placed on the fact that with one exception the new brands contain three-quarters tobacco and are stronger than some brands already on the market.

ASH alleges that cooperation

by the industry, upon which governments relied, is clearly lacking and there should be legislation to bring substitutes under the control of the Medicines Act.

The organization fears that smokers, who believe that a safe cigarette is just round the corner, may be discouraged from giving up smoking, children may feel that starting to smoke is not so serious, and smokers of low tar brands may switch to one of the stronger part-substitute brands.

Mr Moyle, Minister of State for Health, said on June 16 that arrangements governing the advertising of tobacco substitutes for three years had almost been agreed with the industry.

MP's advice on possible wife for Prince

By a Staff Reporter

Mr William Hamilton, Labour MP for Fife, Central, has added a new twist to recent speculation concerning the Prince of Wales's marital future.

Writing in the latest issue of Embassy magazine, Mr Hamilton asserts: "It would not be an unimagined disaster if the Prince of Wales fell in love with a black or brown girl from Africa or India and married her... After all, he continues, 'we have two million coloured people in the United Kingdom and the vast majority of the Commonwealth is not white skinned'."

WEST EUROPE

Leadership of Spanish Communist Party rejects Soviet Union as model for a socialist society

From Our Correspondent
Madrid, June 26

The central committee of the Spanish Communist Party has replied to Moscow's attack on its leader, Santiago Carrillo, by rejecting the Soviet Union as the ideal model for a socialist society.

The committee drew up a statement over the weekend replying to a harsh attack on Carrillo's "Eurocommunist" ideas contained in an article in the Soviet magazine *New Times* in a criticism of his new book *Eurocommunism and the State*.

The statement said the attack was not just on Carrillo but against "all those communist parties which believe in a democratic way to socialism and for socialism in democracy."

Senor Carrillo is the most outspoken Eurocommunist leader. His party's quick reaction to Carrillo's "excommunication" from Moscow was tantamount to a break.

The party said that the time had come to restore scientific socialism to its place of "the curse and excommunication" which are totally alien to the Marxist spirit.

"These methods are one of the reasons why the so-called revolution exists in countries like the Soviet Union can no longer be regarded as the ideal model of our socialist society," it said.

The Spanish Communist Party does not owe its distinction to any centre or to any leading world party. The party elaborates, and will continue to elaborate, its political line and strategy with complete independence, based on experience of the world revolutionary movement, and on scientific analysis of the changes which are produced in the socio-economic and political reality of our country.

The party is only responsible before the workers and peoples of Spain. For Spain and for other capitalist countries with similar characteristics, the Eurocommunist way offers the only valid alternative for advancing to socialism; an authentic revolution-

ary alternative which, without renouncing the best traditions of the communist movement, brings together, as did the founders of Marxism, socialist ideals with profound and undeniable popular aspirations for freedom.

"Eurocommunism" conceives of socialism as a regime with the widest unifying of democracy and individual liberties. The line of the Spanish Communist Party is nothing more than this.

The central committee, of 130 members, with another 50 representing the heads of the electoral lists in the provinces, approved the text with only one abstention. It was the first meeting of the central committee presided over in Spain by the party's president, Senor Dolores Ibarruri, "La Pasionaria," who returned aged 82 from 38 years exile in Moscow last month.

Her signature to the statement was particularly interesting, as because of her place of exile, she has always been identified with Moscow.

Several other pro-Russian also signed, including Senor Francisco Romero Martin, who was a lieutenant colonel in the Soviet Army.

The Moscow attack has provided the party with an excellent opportunity to declare itself independent. It won 19 seats in Congress in the recent general election and the party has denied receiving any money from Moscow.

Senor Carrillo has almost been overhauled since the party was legalized in April to cooperate with the Government. He saw Senor Suarez, the Prime Minister, last week and met King Juan Carlos for the first time on Friday night when he and other opposition leaders attended a reception to celebrate the king's saint's day.

Senor Fernando Claudin, an expert on communist affairs, who was expelled from the party in the 1960s for his differences of opinion, wrote in *El País* today that the idea behind the Moscow attack was to create a crisis and a pro-Soviet wing in the party. The Soviet Union did not

mind how communist parties solved their problems, but it could not tolerate criticism of its international political policies, and particularly anything which questioned the socialist nature of the Eastern block.

Berlin, June 26.—East Germany has "been" asked to reject the Soviet Union as a model for a socialist society, publishing to full the Spanish Communist attack on Senor Carrillo.

The main party daily *Neues Deutschland* devoted a whole page of its 16-page issue to the article.

Madrid, June 26.—Two bombs caused "extreme" damage to the building housing the *Madrid* daily newspaper *Diario 16* early today. Reuters.

Belgrade: The Yugoslav Communist Party said East European attacks on the Spanish Communist Party were inspired by "Stalinist conceptions."

The Yugoslav party's official weekly journal *Komunist* said the Soviet block "structures" relied partly on methods, essentially anti-communist, propaganda and party on the ideological-political arsenal of Stalinist conceptions.

The attacks were directed against "any attempt by communist parties to discard sectorial policies."

Attempts to discredit the European parties for alleged revisionist views were an attempt to "restore the practice of relations from the time when the programme strategy and political line of communist and workers' parties were dictated from a single centre, according to a single all-embracing pattern and model." It added in a clear reference to Moscow.—Reuters.

Rome: The Italian Communist newspaper *Paese Sera* said it thought Soviet complaints were based on fears that Eurocommunism could reach into East Europe.

"One has to ask how it is that, just when Eurocommunism is harvesting its best electoral fruits, a complaint comes from Moscow that is so heavy and unjustified," the newspaper said.—Reuters.

Six former ministers 'reprieved' by Lisbon

From Our Correspondent
Lisbon, June 26

Six former Portuguese ministers of the Soares and Costa governments have been granted the full retirement pension. They had earlier been classified as the revolutionary regime as dismissed. This has been changed to "compulsory retirement with right to pension."

The ministers are Professor Silva Cunha, former Overseas Minister and Minister of Finance at the time of the revolution on April 25, 1976; Professor Adriano Almeida, former Overseas Minister; Professor Amadeu Varela, who was Minister of Justice and Dr. Salazar; Dr. Almeida Costa; Professor Varela's successor, Senor F. Garcia; a former Minister of Public Works under Dr. Castano, and Dr. Cayula de Freitas.

Rumours have been current here that Dr. Adriano Almeida, who has been living in Brazil for several years, and Dr. Veiga Simoes, a former Minister of Education, who is shortly after the 1976 revolution, may return to Portugal to take up official posts.

Socialists back plan to make Malta neutral

Valletta, June 26.—Socialist from Mediterranean countries ruled a five-day meeting in Valletta at the weekend with a proposal to set up a co-operative system of regional security to eliminate the influence of the superpowers from the area.

Their final communiqué also supported a proposal by Mr. Minicoff, the Maltese Prime Minister, to urge states taking part in the Belgrade conference on the Helsinki agreements to set up a standing committee for the Mediterranean region.

The conference expressed support for Mr. Minicoff's efforts to make Malta a neutral non-aligned state in 1979 when the leaves end for British and Nato bases on the island.—Reuters.

Obstacles block pact with Italian Communists

From Patricia Clough
Rome, June 26

An accord that was to bring the Communists a step closer to Government has become bogged down in disagreement.

The secretaries of the Christian Democrats and five other parties, including the Communists, which directly or indirectly support the Christian Democratic Government, met in Parliament, held a meeting on Friday evening to remove the final obstacles to an interparty agreement on important legislation.

But the six leaders were unable to agree on several points, including economic measures, and the meeting was adjourned until tomorrow. Meanwhile party experts are trying to find solutions.

Although the accord has been played down by the parties as a limited legislative agreement, it involves all the main domestic problems facing the country.

They include stricter law and order measures, economic legislation to increase production in leading sectors, reform in local government, and education and a stop to the appointment of political protégés to high posts in public bodies.

The main difficulties have been raised by the smaller parties—the Socialists, Republicans, Social Democrats and Liberals—while the Communists and Christian Democrats seem reasonably satisfied.

Sigmo Ugo La Malfa, the Republican leader, is strongly opposed to most of the economic measures and to plans to allow the police to have one or more unions.

Friday's meeting was in a way historic. For 30 years of Christian Democratic rule, and even as recently as four months ago, the majority of Christian Democrats would have considered it unthinkable openly to negotiate Government policy with the Communists.

Yet the fact that they were all photographed together wreathed in smiles is a measure of the Communists' success in moving forward so slowly and carefully that it is hardly noticed.

The process started in earnest four months ago when the Communists and Socialists declared that they were no longer prepared to prop up the Government without having a say in its policies.

It took three months of patient and tactful negotiations to reach Friday's meeting but, as the Communist Party organ *L'Unita* wrote today, "Three months of negotiations are a lot but 30 years of Christian Democratic political monopoly based on discrimination against the Communists are also a lot."

What really mattered, it said, was not so much an agreement that the party secretaries would sign as "the blow which it would give to long-standing prejudices."

At the start of the negotiations, the Communists had hoped for a Government reshuffle which would include Communist-sponsored technicians in the Cabinet to guarantee that the agreement would be carried out. They have since dropped this idea.



King Olav of Norway, who as crown prince opened a Norwegian church in Rotherhithe, London, in 1926, arrives to unveil a ceremonial plaque.

Salzburg bank raiders free hostage and surrender

From Sue Masterman
Vienna, June 26

Two Austrian bank raiders who held a cashier hostage for more than 27 hours and upset the official visit of Mr Hedi Nour, the Tunisian Prime Minister, surrendered to the police in Salzburg this afternoon.

The raiders, named as Michael Pracher, aged 27, and Godfried Wallner, aged 30, demanded a 2m schilling (£69,000) ransom, a getaway car and a free passage with their hostage.

They raided the Berger Bank exchange office in the pedestrian centre of Salzburg.

After a night of negotiations during which the police struggled to keep curious tourists from the immediate area, for fear of a gun battle, the gunmen unexpectedly released their hostage, Mr Ingo Hopfer, aged 21, soon after midday.

Less than two hours later they surrendered. They had talked by telephone to two psychiatrists, who have specialized in dealing with terrorists, and to a local clergyman.

Ironically, the siege in Salzburg lasted so long only because the raiders were able to hide behind the bullet-proof glass designed to keep raiders out.

Police break up Swiss protest at nuclear site

Olten, June 26.—Several thousand environmentalists have temporarily abandoned plans to stop construction of a Swiss nuclear power station after being dispersed by police yesterday.

The demonstrators had planned to sabotage the site by occupying the access routes to Gossens, three miles east of here, but were thrown back by nearly 1,000 policemen equipped with shields, helmets, tear gas and water cannons.

Police attacked after demonstrators ignored orders to leave the nuclear site and some protesters began throwing stones.—AP.

Busy end to British EEC term

From Michael Hornsby
Brussels, June 26

A sudden flurry of EEC activity, culminating in a meeting of heads of government in London on Wednesday and Thursday, will mark the final days of Britain's first six-month tenure of the Community's presidency. On Friday, Dr Owen, the Foreign Secretary, hands over to Mr Henri Simonet, of Belgium, as Chairman of the Council of Ministers.

In Luxembourg tomorrow, Mr Healey, the Chancellor of the Exchequer, presides over the annual tripartite conference, so called because it brings together trade unionists, industrialists, the European Commission, and finance or labour ministers of the Nine.

Mr Len Murray, the general secretary of the Trades Union Council represents his organization. The conference is a sequel

to last year's rather more ambitious affair which had prearranged for a European social contract and set out a number of goals which the participants agreed to try to realize by 1980.

These included a return to full employment, a gradual reduction of the rate of inflation to about 4 to 5 per cent a year, and an average annual growth rate of gross national product of about 5 per cent in real terms.

The 135 (or latest count) delegates to the conference seem likely to spend most of their time tomorrow lamenting how far progress towards these objectives has fallen short of what had been hoped.

The very purpose of the conference may be questioned by some. Its advocates contend that there is a therapeutic effect simply in bringing together in one place so many

representatives of conflicting social and economic interests. As one EEC official remarked: "The conference may not be a decision-making body, nor even an advisory body, but it is a rather loud noise."

While Mr Healey and his colleagues are wrestling with growth and unemployment, Mr John Silkin, the Minister of Agriculture, will be chairing a meeting of his EEC colleagues convened for the sole purpose of discussing policy on fisheries.

This meeting was originally planned as the occasion for a determined effort to break through to agreement on the internal share-out of fish resources within the Community's 200-mile zone. Signs are now being set rather lower, largely because a lame duck British Government will be unable to accept any firm commitments on behalf of its suc-

Jewellery at Christie's

Diamond necklace by Van Cleef and Arpels, and a pear-shaped diamond of 25 cts. £238,636 and £34,099 respectively.

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BANKS DEBATE. Broadsheet No.2

HOBSON'S BANK?



In August 1976 the Labour Party National Executive Committee (NEC) proposed that the four main clearing banks—Barclays, Lloyds, Midland and National Westminster—should be nationalised.

The Party Conference passed the proposal—although the Government is against it and the Prime Minister called it "an electoral albatross."

We, the banks listed below, believe that public ownership of banks is a matter for public discussion. We would therefore like to question some of the NEC's basic assumptions and also ask you what you think—whether you are for or against bank nationalisation.

MONOPOLY MONEY.

The NEC claims that the present situation "has put into the hands of the banks and other financial institutions a vast concentration of private power."

Yet, if the big four really share a virtual monopoly between them, could the Government—by owning them all—fail to enjoy an even greater monopoly?

But what of the NEC's assertion? Is it even true?

At the end of 1975, \$74 billion was deposited with the main financial institutions in the UK. Of this, the clearing banks held 29 per cent only.

COMPETITION FOR DEPOSITORS' FUNDS	
SHARE OF DEPOSITS IN THE UK AT DEC 1975	
20%	NATIONAL SAVINGS BANK (NATIONAL SAVINGS CERTIFICATES & BONDS TSS etc.)
31%	BUILDING SOCIETIES
20%	OTHER COMMERCIAL BANKS
29%	LONDON CLEARING BANKS

DO BANKS REALLY COMPETE?

At present you have a choice among any of the main High Street banks named below. They compete with building societies, Trustee Savings Banks, National Savings, unit trusts, finance houses, foreign banks and the Post Office Giro for your money. And they compete with each other.

THE BATTLE OF THE HIGH STREET.

But, with 12,000 branches of these banks up and down the country, it is often at local level that competition is most real.



Take a town like Luton. It has a population of 165,000 and 26 bank branches. Someone wanting to open an account or wanting to borrow money could go to any of these branches. Or, for certain services, to one of the competitors already named.

It's the same all over the country. Most bank branches are small, often not much bigger than the shop next door. And the local branch manager is given a lot of freedom. He is expected to make a success of his branch—to understand his customers, to know

about local industry and business. Competing—as at present—against other local bank branches, he soon loses customers if he gives poor service or is unreasonably cautious about lending.

HOW WOULD NATIONALISATION HELP?

The NEC document offers few clues on freedom of choice or how nationalisation would help customers. Indeed it rarely mentions them. All it says is that the separate identities of the banks would be retained. But would it be real competition if the difference were in name only?

WHERE WOULD THEY GO?

The NEC first contemplated nationalising only one bank. But they recognised that most customers would

switch to the other banks. So they are now proposing the nationalisation of the Big Four.

Their instinct was sound. Recent market research has already shown that 55 per cent of customers say they would probably not stay with their bank if it were nationalised.

It is not difficult to imagine where the grass would seem greener. There are many alternatives for personal customers, and business customers could turn to the 300 or so merchant and foreign banks in the City.

DID YOU KNOW?

About one in seven of bank customers have changed banks at some time in their lives—28% because they thought another bank would give them better service.

PUBLIC DISCUSSION.

Over 10,000 people have already sent us their own views on the Banks Debate.

What do you think about the issues raised here?

How would nationalisation affect competition between banks? Would branch managers be able to exercise as much personal judgement? Would services grow better or worse?

If you have views on these questions—whether for or against bank nationalisation—please let us know. It will increase our understanding of public opinion on this important issue.

We will do our best to answer every correspondent.

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You can write your comments on this coupon alone, or enclose it with a letter. Address your reply to THE BANKS, 10 Lombard Street, London EC3V 0AP. Or deliver it to any branch of any bank listed below, in an envelope marked "The Banks Debate".

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THE BANKS

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Complex enigma

hopes. Turgenev being among the greatest of them, and the most ambivalent, suffered the most extreme praise and obloquy.

Outlasting all these in Turgenev's life was Pauline Viardot. The precise length to which the attachment went is probably never be known.

**Lorca inspires new
Ballet Rambert work**
Christopher Bruce dances the
role of poet Federico Garcia
Lorca in Ballet Rambert's new
full length work, *Cruel Garden*
at the Round House, London,
on July 5.
Commissioned by the John
Cruel Foundation
Cruel Garden is a spectacle in words,
song, music, mime and dance
by Lindsay Kemp. The choreo-
grapher is Christopher Bruce.

Lord Thomson looks at the development of the EEC since Britain joined

How Europe has grown in stature, and where it has gone astray

Although the behaviour of Britain within the European Community has tested the patience of its partners over the past four years, it cannot seriously be said to have prevented Community progress that might otherwise have been made. Indeed the two major policy innovations on the external and internal fronts—the Lome Convention and the Regional Development Fund respectively—owe a good deal to Britain's arrival in the Community.

The inflation and recession of recent years has produced divergence instead of convergence in the national economies. But the European Community has the considerable achievement to its credit of having prevented these powerful economic forces from driving national governments into competitive protectionism. The member states of the Community have been dissuaded from exporting their unemployment to each other. And collectively they have exercised a substantial positive influence over the behaviour of the United States and Japan.

The European Community these days suffers from the British disease of self-deprecation. It is regarded with

much more respect abroad than it has for itself at home. In Tokyo or Delhi or Canberra—or Moscow which does not even recognize the Community—it is treated quite rightly as a major factor on the world economic stage, encompassing as it does 40 per cent of world trade. For the Third World, the Community's role is particularly important and its achievements have been markedly more successful than many feared at the time of British entry.

The internal record of progress of the Community has been by no means as impressive as its external impact. But a potentially significant beginning has been made in the forging of a Community regional strategy.

As the new Regional Commissioner I found, gathering dust on the table of the Council of Ministers, proposals for regional transfers of around 150 million units of account for a three-year period. The Regional Fund finally agreed two years later by the heads of government at the Paris summit is widely—and in my view rightly—regarded as excessively modest, but it has amounted to 1,300 million units of account over the same

three-year span. And it has been accompanied by a steady growth in the other Community resources with regional applications—the Social Fund, the European Investment Bank, the Coal and Steel Community Funds, and, finally and belatedly, the agricultural modernization funds. In the meantime, there has been added to the classical problem of the underprivileged regions the new problem of structural unemployment.

This leads me immediately from the more positive aspects of the Community's development over the past four years to the more negative.

There is, first of all, the overall institutional imbalance between the Council of Ministers, the Commission and the European Parliament. Secondly, there is an imbalance between the Community's external and internal policies, between its industrial interests within Europe and its trading interests with the rest of the world. Thirdly, there is the grotesque imbalance between the Community's internal policies themselves; between the Common Agricultural Policy and the rest.

Ever since the days of the

clash between Professor Hallstein and President de Gaulle, it is fair to say there has been an erosion of the role of the Commission as against the Council of Ministers. Yet if there had been no Commission, there would have been no Regional Fund, no successful reorganisation and no successful campaign against protectionism. The European Parliament's role remains essentially consultative but over the past four years it has with vigour and shrewdness steadily made more and more of its existing powers.

The industrial and manufacturing sectors of the Community's economy, in fact, face a special problem in the years immediately ahead. This is due to the development of structural unemployment and to the fact mentioned above that the Community has at present a built-in bias in favour of its external trading interests rather than its internal industrial interests.

Since 1974, with the need for a massive restructuring of the Community economy and the frightening growth of unemployment amongst the young, the Commission requires strengthened industrial departments with officials

and Commissioners able to ensure that considerations of internal industrial change are adequately balanced against the Community's external trading interests and obligations.

The European Commission is like any other multi-national bureaucratic organization. But it is not a bloated bureaucracy. Its Community-wide numbers are smaller than those required for the Scottish Office in the United Kingdom. Its overshadowing problem is that nearly three-quarters of its budget is devoted to one single department of activity, agriculture.

This brings me to the internal imbalance presented by the dominance of agriculture amongst Community activities. The positive side of the Common Agricultural Policy has been inadequately recognized in the United Kingdom. It has been an instrument of peaceful social and economic change, bringing about a steady migration from the countryside instead of the harsh enforced clearances which were part of Britain's economic history.

All that having been said, one of the failures of the Community during the period when I shared responsibility as

a member of the Commission was to undertake radical and structural change in the CAP to reduce the scale of the subsidies. There was never a majority in the Council for fundamental reform which remains one of the most difficult challenges facing the Jenkins Commission.

The issue of Mediterranean enlargement presents agonising dilemmas for those who believe in the building of a United Europe speaking with a more coherent voice in world affairs. Institutionally the Nine are already a good deal more cumbersome than the Six. The addition of new ministers, new MPs and new languages will make progress towards majority voting in the Council and the emergence of European political parties in the Parliament more complicated, to put it mildly.

The author was a member of the Commission of the European Communities, with special responsibility for regional policy from 1973-76, and was a senior minister in the Labour Government of 1969-70. An extended version of this article appears in the July issue of *Lloyds Bank Review* today.

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David Steel

The Lib-Lab pact: only one question really counts

As I write, my desk is covered with a collection of editorial and political comments culled over the past couple of weeks on the rights and wrongs of extending the Liberal-Labour agreement into a new session of Parliament. Most of these are items I had noticed briefly and put to one side for later scrutiny and some, like that of the *Spectator*, have been sent to me by the authors, who have felt the need for my enlightenment.

Into the wastepaper-basket without further reading go all those items which merely portray the predictable prejudices of writer or proprietor and echo the latest handouts from Conservative Central Office—'Liberal's fear of an election', 'Colinvaughan's cunning', 'squid deal', and all the other wild and well-worn phrases.

The *Guardian*, incidentally, had a perceptive first leader which should be read by any who might be taken in by those clichés and believe the Liberals eager at any price to support the present Government in order to avoid an election.

Colinvaughan and the Liberals have permanently hovered on the brink of electoral disaster since the last war. What is true collectively is even more true individually. Nearly all Liberal MPs (unlike Tory and Labour ones) have expected electoral defeat, and all but one gained their seats from another party. If electoral security were our motivation, we clearly joined the wrong party!

The most interesting of my remaining collection is *The Times* leader, 'Case for an autumn election', because it is a very good case. But it is a conditional case only, full of 'unless', 'in all probability', 'unlikely optimism', and so on.

The case for keeping the Government

The case for keeping the Government depends first on what its purpose is, and second on what the likely alternative is. Will it succeed in moderating inflation, more than a Conservative Government could? On prices, the Tories have voted against the control Bill, and on wages the Labour Government has yet to announce its post-1977 policy. So we shall have to wait and see for another few weeks before passing judgement on that score.

On discipline in the ranks, on which *The Times* leader would rightly confirm, the Prime Minister's words appear already to have had some effect (indeed even the *New Statesman* is now commending the direct elections Bill to Labour MPs). This will be crucial on devolution, where a new package promises to be both a more rational and acceptable one than before, while the Tories have abandoned advance on this front altogether.

On European elections, the Bill will indeed require 'the support of other parties', but so did the European Communities Bill in the time of the last Conservative government. Moreover, the country is now offered at least a fair prospect of electing a representative delegation by a procedure which has greater support among Tory MPs than hitherto among Labour ones, but which a Government headed by Mrs Thatcher's personal antagonists to the subject would certainly block. The case for an autumn election remains so far not proven.

Two other arguments are regularly advanced in favour of

not renewing the agreement. First, that the Government is unpopular and has been lost in elections like a drunk sailor shedding fivers. So a Conservative government, 1963 and 1973, but I do not recall the same newspapers demanding their resignations. The arrangement is nevertheless depicted as somehow undemocratic. But this Parliament, elected in 1974, at the last election, 75 per cent of the voters supported Labour and 18 per cent the Tories. Labour and Liberal MPs, together command a majority in the Commons. Therefore (and it is admittedly still a bit of a constructive and agreeable programme) can be carried through Parliament, there will every democratic reason for doing so. It involves an essential compromise from Labour's left. As one Labour constituency chairman wrote me: 'Leaving it clear that some items will remain inoperative, and that a couple of Tory voters to wait them.'

Second, there is *The Daily Telegraph's* 'Social order' is being practised by the extreme left at Greenwich, as a Librarian I should be doing my best to get rid of this argument which fails to exist.

The case for freedom to join unions

The *Telegraph* misses my point. Greenwich is a very good example of the kind of disorder with which the extreme left will have a field day if a Thatcher government comes to power. Nothing has been heard from the Tory leader in upholding the right of expelled and expelled members to join a union. The Tories have been left isolated in his party in arguing that the ACAS report on union recognition at Greenwich should have been accepted. Shirley Williams, as it happens, is the intervention of the far right and the far left. Mrs Thatcher conveys no such sympathy. Yet the antics of a few Tory MPs and the self-styled National Association of Employers have been deeply destructive.

In arguing (rightly) the case for freedom not to join a union, the Tories forget the case for freedom to join one. The result is that the suggestions of the Prime Minister for 'control' and 'discipline' within the law of Mr Booth, the Employment Secretary, for a settlement, and of Mr Roy Grantham, the sensible Apsley leader, for reduced numbers, have all been brushed aside by the borborygmic of the 'factory' and the 'police' and the 'confrontation' policies.

Liberals would wish to relax the recent Liberal law on enforcing closed shops, but it is now clearly necessary also to increase the powers of ACAS to carry out ballots to determine the wishes of workers in places like Greenwich. Would a Tory Government do that?

Perhaps a recent *Scotsman* article (published before the Greenwich rumpus) had the soundest conclusion: 'The Liberal doctrine of reconciliation, reason and arbitration based on justice rather than on power, is the only one which is a genuine contribution to make to the stability of our democracy.' The question Liberals face is how most effectively to make that contribution.

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Lord Chalfont

South Africa must be preserved for all its people

By way of introduction on this third and final report on my recent visit to South Africa I must briefly record some of the reactions to my earlier comments. In my first article, written from Cape Town a month ago, I suggested that the West should help the South African government along the road to peaceful change, rather than harassing it into a disastrous confrontation with its black population. This provoked a furious tirade from certain left-wing south-sewers, who clearly will not relinquish without a struggle their cherished blueprint for bloody revolution in Africa.

When, two weeks later, I wrote from Johannesburg describing the appalling conditions in 'white' townships of Soweto have to live, I received a terrible going-over from the heavy mob at the other end of the political spectrum, who accused me of

unspeakably radical tendencies. 'Nigger-lover' was one of the more printable epithets addressed to me by one of these profound political thinkers. I mention this not simply to demonstrate that the path of moderation is a lonely and inhospitable one, but also to illustrate the fact that there are, for the most part, two distinct but related problems in Southern Africa.

Much of the sound and fury generated on the subject springs from the fact that there are a great number of people so obsessed with their theory that they resolutely refuse to recognize the importance of the other.

The first of these problems concerns the political aspirations of the 20,000,000 non-white South Africans. At present they have no effective voice in the affairs of their country, which are ordered by 4,000,000 white South Africans—and more specifically by the predomi-

nant Afrikaner ruling National Party. In pursuit of its policy of 'separate development', the South African government has constructed a great defensive wall of legislation which, among other things, forbids South Africans who are not white to live in the same areas as South Africans who are; makes for marriage or sexual intercourse between whites and non-whites punishable by law; prevents the education of black and white children in the same school; reserves certain occupations for white people; and restricts the political voice of black South Africans to the 'homelands' which are an integral part of the separate development policy. In addition it imposes all the humiliations of 'petty apartheid'—separate lavatories, segregated shops, non-white bars and railway carriages.

Let me say at once that, like my colleague Bernard Levin and millions of other reasonable and civilized people in the

West, I regard this kind of institutionalized racial discrimination as odious and indefensible, and believe it is important to record, especially for the benefit of those who have never been to South Africa, that a large number of white South Africans look upon it in exactly the same way. Indeed, if my own sampling of opinion in the country is a reasonably reliable guide—and I believe that it is—there is now a consensus in the white political establishment, cutting across party lines, which recognizes that the policy of apartheid is discredited, immoral, irrelevant and likely to do grave damage to South Africa's economy and political stability. There remains, it is true, an irredeemably obscurantist section of the white community, principally among farmers and urban artisans, for whom any radical change is too awful to be contemplated. It is my impression that their political influence is diminishing. I would go as far as to say that even Mr Vorster, the authentic voice of the white Afrikanerdom, has accepted the inevitability of change. He is, however, extremely unlikely to preside over it, and there may well have to be a change of leadership, in our government, before any effective measures of reform are possible.

It is arguable that a majority of the black population is also in favour of peaceful change. A small number, it is true, are no longer content with the possibility of achieving full political participation—or even majority rule—they want 'black power' and the final eviction of the white man from Africa; but most non-white South Africans would, I believe, react eagerly to any sign of political reform. It is in this context that it is important to recognize the legitimate sense of outrage among black South Africans, and encourage the government in its intransigence, are doing the work of the mil-

itants for them and driving more and more black moderates over the edge of frustration into despair and extremism.

Similarly those who fulminate intemperately and indiscriminately against all white South Africans and who grate factually about 'one-man-one-vote tomorrow' are simply fuelling the larger-mentality of the Afrikaner and depriving the South African government of both the room and the incentive for manoeuvre.

This leads me to the second problem which the West faces in South Africa—the immense strategic and economic importance. Whichever anyone may think about apartheid, no one with even the most elementary knowledge of international politics can be in any doubt that the stability of South Africa is crucial to the West's security and prosperity of the free world. South Africa is the principal source of many of the minerals upon which the West depends, not only for its peaceful prosperity, but for the maintenance of an effective defence system. Furthermore Africa as a whole is one of the West's most important markets.

Conversely a great deal of vital intelligence about Soviet Naval activity in the South Atlantic and Indian Ocean is obtained—and provided freely to the West—by South African radar and aerial reconnaissance. There is a mass of evidence and argument—much of it too technical and too detailed to be deployed here—to support the view that if South Africa were to move into a political alignment hostile to the West, the global balance of power would be dangerously shifted and the long-term security of the Western Alliance would be put gravely at risk.

This, then, is the measure of the dilemma which the West—and more especially the government of Britain—has to resolve in constructing an effective policy towards South Africa.

The need is to ensure that the country does not fall under communist domination, without at the same time appearing to condone the policies of the present government there, which are clearly repugnant to most civilized opinion, and which, if they are allowed to persist, will certainly result in a terrible conflagration, from which only the Soviet Union and its allies throughout the world would stand to gain. These purposes will not be achieved by strident public denunciations, nor by ill-informed and simplistic demands for 'majority rule'. The Afrikaners are not about to commit suicide, and no one should be in any doubt that they have the political base and the military power to withstand a long and bloody civil war.

What is needed now is the kind of flexible, imaginative and private diplomacy which will give aid and comfort to the great majority of South Africans—white, coloured and black—who are working for peaceful change; and which will persuade the South African government of the urgent need for political reform without condemning it for taking whatever steps are needed to preserve the fabric of an ordered society in the course of that change.

In will, of course, have to be diplomatic and subtle. Mr Vorster must be left in no doubt that if he persists in his refusal to contemplate reform, he cannot expect western support—moral, material or military—in the upheaval which cannot but be much longer delayed. Similarly the West should readily concede to the South African government that their strategic interests and ours coincide, and that they will have our full and unreserved cooperation once the process of peaceful change has begun. All this must be done, urgently, but quietly and discreetly. We have already had a great deal too much flannel and sanctimonious public lecturing.

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LEAPMAN IN LONDON

Now over to Brian Johnston at the controls. Brian: Good morning. I'm afraid the news from here isn't too good. Play has been delayed because of pecking at the Grace Gurney by the bats. The successful county players, who are complaining that they haven't been made offers they can't refuse by Kerry Packer's cricket circuit. None of the players has yet crossed the picket line except Mike Brearley, the English captain, whose fiancée's helmet is standing him in good stead at last. Now you know I don't like to get involved in politics, but this unfortunate incident does reinforce my view that the game isn't what it was. What would some of the all-time greats have made of a picket line, I wonder? I remember old 'Goofy' Gurnwick, that great Essex wicket-keeper-batsman—the greatest player of underarm full-tosses of his generation—should say, wouldn't you, Fred? Anyway, remember a policeman once tried to stop him getting into Lord's on the grounds that it was three in the morning and he was trying to climb in over the Tavern roof. He happened to have his stainless steel groin protector on at the time, so he just thrust his midriff into the policeman's face and knocked him flying. The policeman was fined for indecent assault. Pickets? I don't think he'd have given much time to them. But here's Trevor and he's pasting though he's hot from the first Good morning, Trevor, what's the latest?

Good morning, Brian. Well, it's looking pretty ugly out there. I was just on my way in when I happened to meet this old friend of mine that I hadn't seen since last night and we decided to go to the Tavern

for our first of the day. It was ugly, very ugly, the only word I can think of to describe it. It took us several minutes to fight our way through to the bar. 'Blacklegs!' they shouted at us, which was doubly annoying since my friend happened to be a West Indian. I think you know him—'Fingers' St Paul, surely the fastest left-handed scoreboard-operator of his generation. He and I were wondering what the old-time would have made of all the fuss. Do you remember 'Goofy' Gurnwick, the great Somerset leg-break bowler, who could make the ball turn on a sump, but lost his touch when they barred the use of coins on the field of play?

Brian: Yes, we were just talking about him. Let's ask Bill if he can look through his record books to see if there's ever been a picket at a cricket match before. (Pause and sound of record books being flipped through.) Ah, here we are. He says no, there's never been one, but there was once a strike at a cricket ball manufacturer's in Peshawar, where the workers were campaigning for bigger stumps to be used. Each innings, so you could have matches of four innings each instead of two, doubling the number of balls you needed.

Trevor: Never came off, did it Brian?

Brian: It didn't, no. And now while we're waiting for the umpires to sort things out, I'd like to thank those listeners who've sent me little favours, as they always do. A listener in Glastonbury has sent me some wine gums packed in a pair of stout gumboots. She says I'm

to suck the gums, wear the boots when rain stops play and fill them with champagne if England win. 'And if you're ever in Glastonbury', she writes...no, I don't think I'll read that, but it does sound a lot more fun than sitting here drinking away about cricket. And another young woman from Bayswater has sent me a pair of undergarments to wear myself during the cold spell. We've been having, though I may say you don't look too practised. She's sent me a limerick to go with them, which again I can't read to a family audience, but I'll tell you the last line. It goes: 'Oh no, they're not mine, they're the vicar's. Let's get back to talking about the all-time greats. John has just struggled up here. What have you got to tell us, John?

John: Well Brian, you were talking just now about 'Goofy' Gurnwick, that great Worcester opening bat who still, I think, holds the record for scoring the fastest single in Test matches against New Zealand. I was just wondering if you remembered how his brilliant career was ruined in that famous Lord's Test against Pakistan. He went off to get another sweater and when he hadn't come back after an hour they went looking for him and found him in fragments.

Brian: Really, I thought it was in the Long Room?

John: Anyway, they caught him with the wife of one of the selectors, and it was clear that he'd used the time to get past her perhaps rather half-hearted defensive prods. Her husband hid him a terrible injury with the groundsman's turf-cutting implement.

Brian: Never played again, did he? He took up female impersonation, I remember. In fact I saw him in action a year or so afterwards in a drag ball near the Oval, doing an amazingly intricate exotic dance with a bat and a set of stumps. Fred's person in now, who was the greatest performer you ever came into contact with?

Fred: Funny you should ask me that, Brian, because I once came up against the wife of that selector. It was at a charity game down at Little Plumstead, on behalf of Prince Charles's fund for arthritic couchmen. Marvellously worthwhile cause, then.

Fred: Yes, but unfortunately it rained that day and I was sent to help this lady make the tea and the upshot was that nobody got any tea, and I remember coming away thinking that maybe Gurnwick wasn't as gooky as people thought.

Brian: That wasn't quite what I meant, Fred. But John, you've got something for us?

John: Yes, Brian, and again it's about that great Leicestershire all-rounder, 'Goofy' Gurnwick. He was, I remember, a pupil of the late Lord Cambridge.

Brian: Well, while we've been talking on here, play has actually got under way and the Aussies have done, have a couple of quick wickets. But John, you were going to tell us something?

John: Yes, Brian, it was about 'Goofy' Gurnwick, the Surrey leg-breaker who was, certainly the finest cover of his generation.

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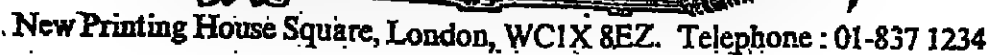


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at a temporary lull in Education Debate the Prime Minister last autumn. Opinions canvassed, drafted, pressure groups to let off steam. Now, exhausted this process, Mr Williams is about to set her own proposals in motion in July. She has a chance that any Ministerial action since the war to ease the beggling half which have caused so educational issues to be a recent years. The climate has changed in it respects, and it is not to wait for the appearance of the Green Paper to some of the underlying ones. Of these, none is more important than the downward birthrate, and the from a sustained growth of the school to a time of contraction. A full measure of this cannot be taken—the cuts in training and unemployment among teachers are signs; but no less it are the possibilities out for real savings in expenditure, combined with real improvements in the quality of the education between 1975 and 1985. The population in England is going down from about 50 million to about 45 million; if it continues at a slower rate the projected go well below this figure. The eighties, then, has happened since the 1960s began to fall in the 1970s as therefore to change the frame of reference for national planning.

The striking of the bubble of national expansion has coincided with a loss of confidence in education as an instrument of policy. The two are not unconnected: enthusiasm for education is much easier to maintain when things are expanding. Numbers encourages a kind of conservatism. The late Mr Anthony Crosland, Secretary of State for Education in 1964, he took office with the ambitious hopes of what school reform could achieve which he had set down in *The Future of Socialism*. By the end of the decade, he and the debate had moved on, and other, more direct, forms of social intervention had the social democrats' support. Nothing that has occurred since has suggested that the earlier, excessive faith in social reform through education was anything but naïve—as naïve, no doubt, as it would be now to substitute for it an exaggerated notion of the economic benefits which might follow from subordinating education to the immediate needs of industry.

Nobody can look at the present educational scene—abroad, as well as at home—without noting a loss of nerve by the progressives, and an access of boldness by the sceptics. This scepticism has reflected a widely-held belief that the schools have been overloaded with well-intentioned but muddle-headed social objectives, and sidetracked from their main task of inculcating knowledge and skills. Both the main political parties have sensed this and, indeed, Mr Callaghan's personal intervention last autumn can be seen as a determined effort to prevent the Conservatives from making capital out of an impending backlash.

Much of the anxiety in the public mind which the Great Debate has demonstrated has in reality not been about education, but about the decline of the inner cities and the consequences of environmental deterioration on the lives of the urban populace in the inner ring. There are, it is true, signs that at the primary school level, schools in Inner London are beginning to regain some of the confidence lost in the early 1970s, when teachers' morale and went with bewildering rapidity. There is nothing the inner city schools now need so much as a period of stability. But unemployment, especially among boys and girls of West Indian origin, is running at a dangerously high level, and this has devastating effects on those who despair of getting a job long before they leave school. There are no narrowly educational remedies for the towering social ills of the inner city; but any discussion of educational standards and the quality of neighbourhood schools which fails to take account of its plight is unreal and unfair.

The Green Paper when it appears will have several distinct functions. It should serve to reestablish the initiative of the Secretary of State in areas of policy, notably the curriculum, on which her predecessors for many years have remained silent. It should reflect the reaction against grandiose social engineering by concentrating attention on limited goals—on those things which can actually be achieved rather than on a conception of idealism. Some of this has already been made explicit in recent public discussion by the emphasis on measured attainment in basic skills, and the overhaul of the secondary examination system.

One theme to emerge strongly from the recent discussions has been the need to develop much closer links between school and work. If the Green Paper is to take this seriously, it is bound to raise questions about the vocational options which might be offered halfway through the secondary school. There is an urgent need to maintain a realistic conception of the comprehensive secondary school, which can take account of the diversity of talent and interests such schools embrace, and turn a deaf ear to egalitarian claptrap which would seek to impose uniformity in the name of a common core curriculum.

Mrs Williams's first task has been to lead Labour back from the exposed forward positions of progressive education. She has done this with skill because her strategy is simple: has to say things which people do not want to hear, and still retain their respect. And she knows that in the country as a whole, there is much more support for her brand of revisionism than for the doctrinaire politics which have hitherto dominated Labour's educational policy-making.

public of Djibouti began years ago as the forty-franc state today. It was always assumed that French ever withdrew a territory, the Emperor would send his, since Djibouti was y outlier for Ethiopia's. The acquisition of the ports did not change its vital interest. The new regime in Addis was made it amply clear inherits the Imperial, and indeed, with the oss of Eritrea to the two t cooperating. Liberation the Dergue is back to the priorities of the Empire: railway first, built, is, however, maintains n to the reversion of , as an essentially Somali , along with the Ethio-gaden territory. Until Somalia had no hope of ing the Ethiopians. But ganization and rearming Somali Army, and the on of revolutionary

Ethiopia by the Eritrean revolt and other secessionist movements, had tilted the balance in Somalia's favour. The railways has been cut, and the Somalis are helping a liberation movement in Ogaden even more than the Sudanese are helping the Eritrean nationalists.

Nevertheless, the pin may remain in the grenade for some time. The French are leaving a large force in Djibouti on a training mission to the new Republic's defence force. In fact the French are providing to considerable French concern—a gendarmerie. The more stabilizing element is that the French present the fact the French answer for Djibouti's deficit, now £20 million a year. Neither Ethiopia nor Somalia could, and the only alternative patron would seem to be Saudi Arabia.

But the new influence in the area is Russia, and Russian interests almost certainly call for maintenance of Djibouti's independence for the time being. The Russians are now the main-

stay of the Marxist regime of Colonel Mengistu Haile Mariam, and the cause wants to be fought more widely spread. They retain considerable control in Somalia, even though out of political favour, because they supply spares and ammunition. They are in a position to urge both Mogadishu and Addis Ababa to accept the new status quo in Djibouti. Their simplistic master-plan for the age-old rivalries of the area is a grand Marxist federation embracing Ethiopia, Somalia, Eritrea and Djibouti. But the idea fell flat in May and the rival revolutions continue to fight each other with their new weapons, and look for new backers in Arabia or the United States.

It is a precarious balance, which a tribal feud in Djibouti could upset at any time. So might a resolution in the new Republic's assembly to join Greater Somalia for which there is a narrow majority. The prospect is for a sharpening of suspicions and hostilities all round.

gains, after an exercise of will and firmness in a Cabinet that earns him all now face his first presidential Council of Ministers on Wednesday and Thursday a clear conscience. He has word to give his best to see that the United Kingdom shall not unilaterally the Nine from holding elections to the European early next summer, and, doing it, he has avoided that which the United Kingdom, after six rather undisciplined and political debacle. If else, the Government has the European Assembly's Bill. He could have done

s it practically within his to do more. The Bill's Royal Assent now depends a hovering alliance across the Commons among unquestionable Europeanist an alliance not simply on reading principle but a hundred and one commitments, and perhaps next session illudine. And that is asking the Home Secretary tells us, as Westminster. Western Bil latching up the sovereignty, and the representative status of each member, you are at the 635 Commons experts who advice about their interest from nobody.

able any necessary discount from what follows, let again where I stand. The list system, recommended by Government, is a better poring for direct European than the first-come-the-post could enable the Kingdom to keep, the 1978 elections. It contains a element of proportional representation

industries, protectionism, too much overlay of ideology. It will also introduce the electorate to the kind of PR system that will certainly be in use for the second round of direct elections in 1983.

In fact, the regional list system logically develops methods used by the main parties in forming their present nominated delegations to Strasbourg. The Labour delegation is elected by the Parliamentary Labour Party on a regional basis. The Conservative delegation has been chosen since January 1973 on a permutation of the regional professional and industrial factors. Nor have anti-Europeanists been excluded from either delegation.

The work now advancing at Conservative Central Office illustrates what it will be in the interest of party managers to do. Europeanism has to be presented as special to itself. Candidates chosen need to be accepted authorities on regional industry, farming, the law, accountancy, and so on, and apart from any national reputation, candidates must be immediately recognizable as valid local figures, rather than as career-beggars.

Preferably, they should have some linguistic ability, although physical stamina, as at Westminster, will be the most providential gift to European politicians.

I am tempted to go even farther in defending the regional list system. Since our power years, the great European figures, who saw their vision of a united Europe drew their idealism from a common experience of self-destroying war, have gone from the stage. Nobody of equal stature has taken their place, and, for all its severely limited powers and frustrations, a European Parliament elected on a list-system might be much more likely forum than any national parliament to produce eventually a new breed

large European subsidy into the treasure chest of party managers, to the disadvantage of Independents who may reap it wholly prevents growing a breeding ground when some electors might want to pick and choose. Most repugnant of all, it virtually nominates from the centre 81 European MPs who are likely to be four or five times between the hands of backbenchers and then adds tax concessions, expenses, and staff beyond the dreams of avarice and the Tribune Group.

It also leaves wholly unanswered awkward questions that critics must properly raise. The Bill does not say what necessary line of communication will run between MPs there and MPs here. It does not, and should not, prescribe on what manifesto or even manifestos the party lists should fight: to stay in the EEC or pull out, to work with the European Parliament or against it. Will Labour's official executive committee write the Labour Manifesto? Or will Labour's Euro-MPs, according to strict Strasbourg practice, be tied into the European socialist group's manifesto?

Nor, has any party decided how precisely it will organize politically for European elections in 66 English constituencies mapped on the Government's economic regions, which bear no relationship to Labour or Conservative organization. Adaptation for European elections could never be quick or easy for the parties, although the logistics would clearly be easier for a well staffed Conservative Party than for a Labour Party that has fewer professional organizers outside Transport House than the Royal Navy has admirals.

In the end, the Bill raises the question for all politicians whether the Europeanist end justifies the undoubtedly rough and ready means. I do not hesitate.

JOHN T. WARBURTON,
92 Kings Road,
Henley on Thames,
Oxfordshire.

and there is a real need to use this chapel for this purpose.

ETER J. SMITH,
Department of Earth Sciences,
The Open University,
Milton Keynes,
June 12.

believe that the primary intention of a parish church is to provide facilities for the worship of God and there is a real need to use this chapel for this purpose.

The vicarage,
Wingham,
Canterbury,
Kent.
June 23.

the Open University,
Milton Keynes,
June 12.

regulators
the
tive in the
page 19

Adjusting 'unfair' shipping night charges may at 25pc on export rates

By Daily
Correspondent

Exporters are facing additional freight costs markets later this year of tense top-leveling place between European shippers' owners.

The dispute arises from an agreement in 1972 between the European Shippers' Council and the Committee of European National Shippers' Associations. This sought to compensate shippers for fluctuations in currencies by means of a formula which breached the century-old principle of common tariffs in worldwide liner trades.

Different liner conferences apply differently, but in the giant Far Eastern Freight Conference there are five different freight rates to the Far East from various parts of Europe. According to Germany, the full implications of the system were not foreseen in 1972, and it has compounded fluctuations in inflation rates and currency levels so as to produce totally unjustifiable differences in rates from different countries.

In the Far East trade rates from Germany, Belgium and The Netherlands carry a 27½ per cent surcharge, from Scandinavia 12 per cent, and from France 12½ per cent, while at the other end of the scale Britain and Italy get 7½ per cent discounts.

There is thus a 35 per cent differential between British and

German rates, strongly reminiscent of similar situation with the airlines a year or two ago when a London return from Hamburg cost the Germans 30 per cent more than a Hamburg return from London cost the British.

The intricacies of the freight formula are complicated even for an expert, and subject to conflicting interpretation. For instance, the German exporter can claim that a Japanese importer may be paying £135 sea freight to import an item from Germany and only £100 on the same article in the same ship from Britain.

But the British exporter can claim he is paying more pounds for £100 worth of freight than he was four years ago, whereas the German exporter is paying fewer Deutsche marks. That is what counts in terms of balance of payments.

While talks go on between shippers and lines, independent economists from Britain, Germany and Sweden have been appointed to try to thrash out a mutually satisfactory solution.

One that United Kingdom exporters are hoping will not emerge is a return to common tariffs. Calculations by lines in the Far East trade show that this would result in an across-the-board surcharge of about 18 per cent, boosting British rates by 25 per cent and cutting northern Europe's by 16.

Freight report, page 36

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But the British exporter can claim he is paying more pounds for £100 worth of freight than he was four years ago, whereas the German exporter is paying fewer Deutsche marks. That is what counts in terms of balance of payments.

While talks go on between shippers and lines, independent economists from Britain, Germany and Sweden have been appointed to try to thrash out a mutually satisfactory solution.

One that United Kingdom exporters are hoping will not emerge is a return to common tariffs. Calculations by lines in the Far East trade show that this would result in an across-the-board surcharge of about 18 per cent, boosting British rates by 25 per cent and cutting northern Europe's by 16.

Freight report, page 36

Shipbuilding subsidies could reach £58,000m

By Daily
Correspondent

Government guarantees on existing ships would add a further £14,000m. The potential government financial commitment over seven years could amount to \$99,400m.

The forecasts are based on assumptions that by 1980 world shipbuilding capacity will have been pared back from a level of 39 million tons gross annually to 30 million tons gross.

The cost estimates for direct subsidy aid reflect the amount of state subsidy that would be necessary to make up the shortfall between the price at which owners are willing to pay for new ships and the cost of ship construction.

But the IMF paper also noted that in addition to the direct and indirect cost of shipbuilding subsidies, governments may also be faced with subsidising shipowners to the extent that their revenues from freight are below their costs of operation as a result of the effect of over-touring on freight rates.

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IMF's pessimistic projections will be a source of concern to the management of British Shipbuilders, the new State corporation which will take over most of Britain's shipbuilding industry at the end of this week.

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Additional savings up £50m

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By Daily Correspondent

PENTOS LIMITED

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Registrar's Department,
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Telephone: Worthing 502541
(STD Code 0903).

D. K. G. MORGAN, F.C.A.,
Director

Ford workers to vote on peace formula today

By Tim Jones

Body plant workers at Ford's Dagenham plant will today vote on whether to accept a peace formula or join assembly workers in continuing the 15-day strike which had made more than 16,000 workers at three plants idle.

The assembly workers met on Friday night and rejected a formula recommended by full-time union officials and senior shop stewards.

Mr Frederick Black, Transport and General Workers' Union, who led the peace talks with the company, has said he fears a difficult situation today if workers responding to the management's call to return to work meet pickets at the factory gates.

The dispute at the assembly plant is over layoff pay for workers made idle because of an internal dispute. The men want 80 per cent of normal pay.

Trafalgar bid likely for Beaverbrook this week

By Our Financial Staff

Trafalgar House, the property and shipping group built up by Mr Nigel Bruce, is widely expected to announce a cash bid of around £19m for Beaverbrook Newspapers early this week.

Trafalgar emerged as the front-runner in negotiations to rescue Beaverbrook last week. Reports that an offer has already been made were categorically denied at the weekend but it is believed the Beaverbrook board, at least, would regard a direct bid from Trafalgar as the best of the four alternatives it is currently considering.

Although the other three leading contenders in talks with Beaverbrook remained silent yesterday there is a possibility that an offer from Trafalgar could trigger a bid battle.

Sir James Goldsmith, whose own offer to invest up to £15m

Breakdown of discipline foreseen

By Derek Harris

The Engineers and Managers Association (EMA), whose general secretary, Mr John Lyons, has been leading its battle against other TUC-affiliated unions to secure members among professional engineers, last night claimed a major breakthrough in the association's row over the role played by the Advisory, Conciliation and Arbitration Service (ACAS).

Earlier this month EMA said it would start legal proceedings against ACAS for its failure to carry out its responsibilities for the determination of recognition disputes.

ACAS, it was claimed, would not discharge its statutory responsibilities, usually involving a ballot of opinion of workers involved, without "the approval or acquiescence of the TUC".

EMA was particularly concerned about its dispute with the Technical Administrative and Supervisory Section (TASS) of the Amalgamated Union of Engineering Workers over recruitment of 300 professional engineers at the GEC Reactor Equipment complex at Whetstone, Leicestershire.

The dispute went to the TUC's disputes committee, which awarded in favour of

ACAS relents over survey of engineers

By Derek Harris

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Beer and RRP likely targets for action under new price policy

By Our Commercial Editor

A number of early initiatives in the prices field, employing the new powers of investigation and possible freeze which the Government will now receive on August 1, are expected from Mr Hattersley, Secretary of State for Prices and Consumer Protection.

Two major sectors could be involved. One is the beer industry, where Mr Hattersley is due by July 31 to receive the results of a Price Commission investigation into profit margins of brewers and licensees.

The other is in some manufacturers' continued setting of recommended retail prices (RRP). A broad investigation by the Price Commission of this practice is already on Mr Hattersley's desk. This report, a factual one without recommendations, is expected to be published shortly.

The report could well lead to early action by Mr Hattersley. Pricing display practices in furniture retailing have particularly been under surveillance.

A number of major makers of "white" goods among domestic durables, such as refrigerators and freezers, have been slow to follow most manufacturers of "brown" goods—television sets, radios, hi-fi—in scrapping RRP. Mr Hattersley could ask the new Price Commission to look further into a particular sector's RRP pricing practices.

But the new Government powers also will make it possible to prohibit advertising of RRP or even the setting of RRP by manufacturers.

Mr Hattersley is also likely to have by August 1 the Price Commission's reports on investigations into recent increases in coffee prices, into the prices and profits involved in hearing aids manufacture and into call-out charges by those servicing appliances such as televisions and other domestic equipment.

But the results of other Price Commission investigations, including those on prices of baby clothes and decorative paints, are unlikely to be available for some time.

It is believed that non-ethical goods sold through chemists and painkilling drugs like aspirin sold under proprietary names have both been considered as possible new sectors for price investigation. Garage servicing charges have also been considered, it is understood.

Mr Hattersley will also face a decision on whether to act on footwear retailing margins, which have been the cause of concern since the consultants' report to the footwear industry steering group started controversy over the role of the British Shoe Corporation, part of Sir Charles Clore's Sears Holdings.

Mr Hattersley's new powers would enable him to call for investigation of footwear distribution as a whole by the Price Commission.

Beer prices and the profits of brewers and licensees are likely to be the most explosive issue to face Mr Hattersley as soon as he gets his new powers.

A new round of price increases has already started among some of the brewers, in itself a development which could add fuel to demands for something to be done about brewery profits. Some have doubted their profits in two years.

The Price Commission's investigation is now almost fully documented except for questions still to come in from a few of the big brewers. There had been speculation in the industry that delays would put back completion of the report at least a fortnight beyond July 31 but this is now being discounted in Whitehall.

The Brewers Society, which represents virtually the whole industry, is sending its own written submission to the commission later this week.

Call to allow radical worker-director plans

By Paul Routledge

Labour Editor

Professor Ben Roberts, professor of industrial relations at the London School of Economics today launched fresh criticism against legally imposed trade union directors on the boards of companies, as proposed in the Bullock report.

In an article in *Lloyds Bank Review*, he calls for an experimental period of participative agreements on the lines proposed by the CBI, and suggests amendment of company law to permit more radical schemes of worker participation.

Unlike academics on the Bullock Committee and others who have supported the TUC line, Professor Roberts argues that the Government should not carry into law the majority report of the Bullock Committee.

In any case, he suggests, Mr Callaghan's parliamentary position is too weak to permit the Cabinet to legislate as the unions would like them to.

In his article on participation by agreement, Professor Roberts says: "If Mr Dell's and other ministers' views are to be taken as expressing the majority view in the Cabinet, it seems that the Government is determined to attempt to introduce legislation, but not necessarily closely following the recommendations of the majority report."

He is likely to say the Government will accept the case for some flexibility, and the need for agreement between management and the unions, but it will face strong opposition from the TUC if it departs from the

principle of "single-channel representation".

Professor Roberts prefers the introduction of works councils into British industry rather than trade union-dominated joint representation committees proposed by Bullock as the avenue for industrial democracy, but he admits:

"Since the unions would refuse to cooperate with them, it is unlikely that either a Labour or a Conservative Government would be willing to make them a legal requirement." The alternative would be to set up an "electoral college" that would include non-union employees and all occupational grades as the mechanism for developing experiments in shop floor participation.

"It is extremely important that the way in which the Bullock Committee was set up, its terms of reference, and the one-sided nature of its report, should not be allowed to prevent constructive developments," he argues.

"What must, however, be rejected is the extreme view that the only form of participation that is meaningful is one which entrusts the bargaining power of the unions that in effect they take over the control of private and public enterprises."

Professor Roberts sees a real danger of the "two sides" concept of adversarial industrial relations being encouraged if no progress is made towards bringing employees into a system of participative management which they support.

HARRISONS & CROSFIELD

Summary of Group Results	1976 £'000	1975 £'000
General Merchandise and Services, Shipping and Insurance	6,782	4,320
Manufacture and processing of Chemicals, Industrial Raw Materials, Rubber, Textiles and Engineering Products	5,567	3,874
Production of Lops and distribution of building materials	9,645	5,949
Financial Transactions	698	396
Investment Income and Associated Companies	1,640	1,776
PROFIT BEFORE INTEREST & TAX	24,332	14,515
PROFIT AFTER INTEREST & TAX	11,293	5,534
ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	11,314	4,983
Geographical Division of Profit before interest & tax		
United Kingdom	46	48
Australia	31	26
North America	8	9
Other (Japan, Australia, New Zealand and Papua New Guinea)	8	5
Investment Income & Associated Companies	7	12

Copies of the Report and Accounts are obtainable on application in Trip to Department,
Harrisons & Crosfield, Ltd., 1-4 Great Tower Street, London EC3A 3LB.

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Lending rate 8 pc

The Bank of England's minimum lending rate remains unchanged this week. The following are the results of Friday's Treasury Bill Tender:

Applications	£'000	£'000	£'000
Bid at	10.13	10.13	10.13
Previous week	10.13	10.13	10.13
Average	10.13	10.13	10.13
Next Friday	10.13	10.13	10.13

Shareholders' meeting is unlikely to mark end of the Chiasso affair

From Peter Norman
Bonn, June 26

When Credit Suisse's top management reassembled today in the bank's imposing headquarters building in Zurich's Paradeplatz to begin another working week, the atmosphere is likely to be one of heartfelt relief.

For, from the point of view of the bank, last Friday's extraordinary meeting of shareholders in Zurich called to discuss the losses arising from the activities of its Chiasso branch, it was a resounding success.

The five-and-a-half-hour meeting—a marathon by Swiss standards—was, in the circumstances, unusually quiet, with no significant opposition from the ranks of the assembled shareholders, and the support expressed for the bank's present management by far outweighing the few critical questions posed.

But it is doubtful whether shareholders' meeting marks the end of the affair. The bank's management has cleared a hurdle. But despite speeches lasting two and a half hours from Dr Oswald Aepli, the bank's chairman, and Mr Peter Schmidheiny, a board

member, and three hours of discussion, many questions remain unanswered.

There is not just the question of the size of the losses that the Credit Suisse will have to sustain. As Dr Aepli convincingly pointed out, will take time to assess, as they depend to a large extent on the realization of the assets of the Texon Finanzanstalt, the Liechtenstein-based holding company through which Credit Suisse Chiasso improperly channelled 2,170m Swiss francs (about £500m) of fiduciary funds.

Still unanswered is the question of who owned Texon. According to Aepli the company never belonged to Credit Suisse, but to customers of Chiasso-based law firm. The identity of the "customers" remains a mystery.

Also unsettling was the disclosure that Mr Sergio Demitile, who resigned in May from his post as deputy general manager of Credit Suisse, went not so much because of Chiasso but because of losses arising from the granting of loans to a Milan-based company, Molini Cerrato.

The scale is still unknown.

Finally, although Dr Aepli and Mr Schmidheiny explained at length how various signals as to the true activities of Texon came to be neglected by those members of the Credit Suisse management who resigned in May, a nagging doubt must remain as to how Texon was able to grow in the years after its foundation in 1961 into a financial empire channelled funds on the vast scale that has been disclosed over the past few months.

According to Mr Schmidheiny the first signal was received by the Zurich headquarters in 1969-70, but clearer indications accumulated only from the beginning of 1976.

But word tends to travel far in a small country like Switzerland. More than one shareholder told the meeting that the activities of Mr Ernst Kuhnmeier, the Chiasso branch manager, were coffee-house gossip in the area from the early 1970s.

If these allegations are true, it still has to be investigated how such gossip did not reach Credit Suisse's Zurich headquarters.

US trade deficit total may reach \$25,000m

Washington, June 26.—The United States Commerce Department will issue a new set of figures tomorrow on the nation's mounting international trade deficit which for all of 1977 is expected to total \$23,000-\$25,000m (£13,500m to £14,700m).

According to preliminary indications, the United States merchandise trade deficit reached the \$10,000m mark during May.

In the first four months of this year, the deficit amounted to about \$8,550m—\$2,620m more than the total for the whole of last year.

The United States trade deficit in January-April, when computed by the same method used by most other industrial nations, was an even bigger \$11,780m, and last month's figures are likely to push this up to about \$13,000m.

While United States Treasury officials insist that the nation's goods fall substantially in 1976 to 20.3 per cent (from 21.2 per cent in 1975), part of the decline, the Commerce Department says, being attributable to the increasing foreign currency cost of the dollar.—AP-Dow Jones.

the deficits in international trade and its other current account transactions to help to stimulate a world economic recovery.

But Mr Charles Vanik, chairman of the House ways and means sub-committee on international trade, says it is time for Congress to look into this.

"The tone of the Administration's announcements of the deficits," he said, "has been almost congratulatory. While there is considerable merit in the Administration's argument in favour of United States trade deficits, I am not certain the situation is as simple as the Administration believes."

While United States officials keep stressing that all import costs are a major factor in the nation's mounting trade deficits, the Commerce Department recently completed a special study on the declining United States share in world markets.

The United States share of world goods and manufactures fell substantially in 1976 to 20.3 per cent (from 21.2 per cent in 1975), part of the decline, the Commerce Department says, being attributable to the increasing foreign currency cost of the dollar.—AP-Dow Jones.

LETTERS TO THE EDITOR

Can outsiders help to settle the differences in engineering ranks?

From Mr R. Freer

Sir, Mr Palmer's appeal to the Government to start an inquiry into the engineering profession (June 13) is to be welcomed and I hope it will encourage the secretary of state to set the wheels in motion.

The CEI objection suggests that the setting up of an inquiry might weaken our standing in the eyes of overseas buyers. It is not obvious why this should happen.

No one who designs, makes or sells any engineering product is unaware of the importance of the overseas customer. No one would choose to deliberately undermine his confidence nor wish to detract from the high reputation British engineers have established in many parts of the world.

Experience indicates that the potential buyer abroad is primarily interested, as one would expect, in such straightforward matters as technical competence, commercial terms and the personal character of the people who wish to deal with him. Even if he knows about the problem of the professional engineering institutions in this country he would rightly consider them to be both domestic and international.

Everyday transactions are similar. When I buy a newspaper, a suit of clothes or a motor car and have a choice of suppliers I select the one who can offer the best quality, service, reliability and price. I have never yet enquired about the organization of the trade association the proprietor of the business belongs to nor checked that his association has, for instance, arranged to correct a number of apprentices.

Internal matters in the engineering profession should be sorted out by the professional engineers if only to demonstrate that they can organize themselves without arbitrary interference from the Government, with one voice on behalf of the whole profession, and that they can keep up to date with the requirements of their members. But this does not seem to have happened and it is preferable that these matters should be sorted out by the profession itself.

R. FREER,
27 Campbell Drive,
Beardon,
Glasgow G61.

From Mr J. R. S. Morris

Sir, It appears that an inquiry into the engineering profession is imminent.

As one of the four prime engineering disciplines, the chemical engineers have not considered it necessary to enter the debate about the engineering profession, since the bulk of our members have been significantly involved in, and responsible for, the success of the third largest manufacturing sector of British industry.

The chemical industry, with its proven success and on-going momentum, with, for example, capital expenditure planned at £3,300m over the next three years, needs no inquiry except to discover the reasons for the success of the key engineering profession based on it in order to reveal the secret of its success for wider application.

Chemical engineering, being an industrial profession, has grown dynamically since the end of the war. We have an integrated relationship with the industry and its supporting contracting and engineering suppliers.

The institution is dynamically supported by members of every sector of the industry. It has a positive and successful policy of continuing education, as well as nationwide coverage of well attended lectures, seminars and symposia, coupled with a range of publications from a monthly magazine to technical publications aimed at assisting the practicing chemical engineer in his day to day work to name but a few of our membership activities.

The education of the chemical engineer is closely regulated by the institution to a high standard, and the means of entry to the profession is strictly controlled. The majority of qualified chemical engineers, both here as well as in Europe and Australia where we have active branches.

The basis of university courses emphasizes the systems approach based on unit processes. Indeed, the graduate chemical engineer, by his broadly based education, is able to tackle from the outset of his career a wide range of tasks with both confidence and

competence. Here lies one of the key differences between us and the other professions. We consider a newly graduated chemical engineer is ready to go, and not, as in other engineering disciplines, as a result of their education process, forced immediately into service by way of an engineering graduate apprenticeship or similar training period—a formula for demotivation and loss of both status and interest.

We apply strict standards for entry to the levels of membership and fellowship of our institution based on appropriate practical experience and education, with the emphasis on broad experience.

The chemical engineer is also trained in the economics of processes as well as the use of key management tools such as computers. The present and essential aspects of safety and hazard analysis are also not overlooked.

It is, therefore, not surprising that the chemical engineer is keenly sought by employers—there are very few, if any, graduates without a job and university chemical engineering departments are expanding under the impact of growing interest in pursuing this exciting profession.

On the subject of registration we take the view that the institution is an independent qualifying body—operating under Royal Charter—and, as such, is an official regulator.

We provide a control on the quality of output from the education establishments and the adequacy of experience of a chemical engineer during the early years of his career.

We feel the Government should accept these standards and insist on it if not legislate, but only if the engineering body holds positions of engineering authority.

There is much we, as a small and successful, but highly professional and comparatively well paid body of engineers, feel we can contribute to the engineering industry on the basis that we have proven success and perhaps we also prove that with 15,000 members, small is beautiful!

Yours faithfully,
J. R. S. MORRIS,
President,
The Institution of Chemical Engineers,
George E. Davis Building,
165-171 Railway Terrace,
Rugby CV21 3BQ.

Germany's recovery 'unsteady'

Düsseldorf, June 26.—West German economic recovery so far this year is still "unsteady" and existing indicators do not point towards a self-sustaining and stable advance, according to a report from the Institute for Economic and Social Science.

The report says that despite the lack of clarity of many economic indicators a general "flattening" trend has unmistakably set in because of weak domestic demand. It mentions stagnation of real demand in manufacturing industry and an "unsatisfactory" level of capacity utilization.

Net production in the manufacturing sector has developed unevenly in the first four months of 1977 and, although general results have been satisfactory, the export situation is uncertain.

The report also takes a pessimistic view of the German unemployment situation, echoing official statements that the drop in the number of unemployed in May was solely because of seasonal factors. The number of unemployed has hardened on a practically unchanged level compared with May of 1975 and 1976, although the economy itself has changed, it said.—AP-Dow Jones.

Milton Keynes seeks to fill its green fields

Industry in the regions

Putting a new city in the right place is half the battle as far as industry is concerned. And Milton Keynes is in the right place. Half way between London and Birmingham and next to the M1, it has proved attractive to expanding firms looking for green field sites.

The one thing which is now worrying industry in the new city is whether some of the sites are going to remain green fields for too long.

On Wednesday members of the Milton Keynes Industrial Association will join colleagues from other new towns to lobby their MPs to oppose the restrictions on the development of the new town, proposed by Mr Peter Shore, Secretary of State for the Environment.

So far as Milton Keynes is concerned, this would mean aiming at 150,000 population by the mid-1980s and after that natural growth to about 200,000. The original plan when the new city was designated 10 years ago was 125,000 by the early 1980s and 250,000 by the mid-1990s.

Mr Shore's plan to protect the inner cities is not seen in the same way in Milton Keynes where only about one in 10 of the jobs created in the past year have come from London.

Mr Kenneth King, chairman of the Industrial Association, said: "We want the minister to provide a green tube for

industry coming to Milton Keynes, not restrictions."

The association is asking for the requirement for industrial and office development certificates to be either abolished or relaxed so far as the 22,000 acres of Milton Keynes is concerned.

Mr King is worried that if growth is restricted the industry which is already there will have to bear too much of the burden of the cost of the network of roads and all the other services for a bigger place. Alternatively, he is concerned that all the facilities people have been promised will not be provided.

Buckinghamshire County Council too is worried about the prospect of a curtail in development. At the moment it is faced with the heavy cost of developing services and is getting some financial help from the Development Corporation.

The country badly needs the extra rates from industry in Milton Keynes to compensate for Slough which it lost in county boundary reorganization. But whatever the outcome of the discussion on the eventual size of the city, there is considerable optimism about its industrial future. Many of the

lessons of the earlier new towns have been learned and the development corporation has been determined from the start that there should be a balance in employment.

This has meant ensuring a variety of different jobs and different industries and allowing no individual firm or industry to dominate. The hope is that the fluctuations in various industries will even each other out.

At first, manufacturing industry was tending to dominate, but the split between manufacturing and services is now similar to that for the south east as a whole.

Having choice in the pattern of employment is something which must be envied by new towns in the north which have had to grab at any firm which wanted to come.

Milton Keynes has turned away from which did not fit in with its plans. A proposal to move thousands of Ministry of Defence civil servants there was rejected because such a large employer was not wanted.

Kodak considered a site for its future expansion, but the plan was withdrawn because the company and the development corporation could not reach agreement.

Mr David Creve, chief information officer of the development corporation, said: "We are determined that we shall have the right balance of employment and that there should be no dominant employers."

"We are doing all we can to attract small firms and are providing advanced factory units, which are as small as 500 square feet."

"Already some of these small firms have expanded giving us more employment."

The biggest employer with 3,000 people is the railway works at Wolverton, which was there before the new city. The second biggest employer is the Open University.

So far this year the big achievement is the decision of Volkswagen to spend £7.5m in Milton Keynes building its new United Kingdom headquarters where 500 people will work.

Balancing industrial and housing development was always bound to be a difficult job and unemployment at just over 2,000, is around 5 per cent.

Miss Mary Hartwell, manager of the Employment Services Agency, said: "There is quite a feeling of optimism in the town and many firms are taking extra people on. One of the things we have is a very mixed economy and this is one of our strengths."

Andrew Adamson

Growing scarcity of lighter gravity crude oil

New York, June 26.—The world crude oil supply squeeze, widely predicted for the years ahead, is likely to be compounded by the relative scarcity of lighter gravity grades, *Petroleum Intelligence Weekly* reports.

Demand for these will be rising in main areas besides the United States, despite the short-term oversupply. But only 19.4 per cent of total Organization of Petroleum Exporting Countries (Opec) production consists of light crudes of 37 gravity or above, according to PIW's calculations.

Figures derived from official data show that only 5.92 million barrels daily out of Opec's 1976 output of 30.58 million barrels daily fell into this light category as defined by gravity. More than 50 per cent fell in a medium range and 30.5 per cent was heavy crude.

In general, light crudes like those produced in Nigeria, North Africa, the North Sea and most of the United States tend to yield higher proportions of petrol and other such "light" products when refined.

Medium-heavy crudes tend to yield higher proportions of the valuable high-sulphur heavy fuel oil, and cannot be processed in refineries initially built to run only low-sulphur crudes like many in the United States. PIW says.—AP-Dow Jones.

Business appointments

Mr G. R. Fenn joins board of R-R Motors

Mr G. R. Fenn has joined the board of Rolls-Royce Motors. Mr T. P. Barlow has retired. Mr Timothy Adams, finance director of Firstline Holdings, has been made group financial director of Dunford and Elliot in succession to Mr D. R. Ward. Mr Ward was recently made managing director of Dunford Hadfield and Brown Rayley Steels.

Mr N. G. Shove has become chairman and joint managing director of Downs Surgical. Mr J. W. Northwood has resigned as chairman and chief executive. Mr P. E. Ledham has been made joint managing director.

Mr G. G. is to be the next director-general of The Asphalt and Coated Macadam Association when Mr J. V. Leigh retires. Mr L. S. F. Charles and Mr J. E. Chittcott have joined the board of Birmaleth.

Sir Leonard Neal has been elected a director of Employment Conditions Abroad and becomes chairman.

Mr Alex Morrison, chief executive of Thames Water Authority, is the new president of the Institute of Cost and Management Accountants.

Mr Duke Mount has become a director of Drayton Far Eastern Trust.

Edward Shaw has been made chief executive of the magazine division of United Newspapers from October. He is chairman and managing director of IPC Business Press (Sales and Distribution).

Charringtons Industrial

Mr Rowland Hall, the retiring Chairman, reports record profits, and tenth successive dividend increase.

I am pleased to report record profits before tax of £4,168,000, an improvement of nearly 25% on the previous year. The Board recommends a final dividend of 2.146p making a total of 9.746p, a 10% increase on last year. The results from fuel distribution were similar to those for 1975/76 and all the improvement occurred in our other interests, justifying the Board's policy of diversification.

* The turnover of our solid fuel company showed a slight increase but this was entirely the result of inflationary price increases. However, we can draw encouragement from the growing realisation of the importance of coal in meeting the country's energy needs.

* Inflation also resulted in a significant increase in the turnover of our fuel oil company in spite of a 7% downturn in tonnage, brought about partly by the move towards energy conservation.

* Ruympt Limited had a record year, which is quite an achievement in view of the current state of the building industry. This was brought about by the energetic efforts of our management team, coupled with the service we are able to offer from our modern warehouses. We are planning further expansion to enable us to take advantage of any upturn in the market.

* Overall, the results from our motor garages were down on last year, although, as always, there were 'swings and roundabouts'. Rationalisation within this division continues, and we have had some success in disposing of surplus properties.

* Glover, Webb & Liversidge further increased its overseas activity, and exports more than doubled. Demand for Neville bulk load tipper bodies held up well and sales of Charrold mechanical discharge vehicles were helped by a significant order from the National Coal Board. Dormobile continued to develop its interests in a number of areas away from the traditional motor caravan market.

* The results from the main transport and warehousing companies equated to those of last year, due to the flexibility of our management in being able to satisfy the ever-changing demands of the transport industry. Southern Ships Stores increased their profits in spite of the withdrawal of more passenger vessels from Southampton. Successful efforts have been made to promote our services to the Middle East. Our companies based in Dundee have again managed to increase their profits.

* Wool prices continued to rise and this is reflected in an increase of over £360,000 in the profits of the division.

* The opening weeks of the current financial year produced profits appreciably better than in 1976. We are hopeful of achieving a further increase this year, provided the national economy recovers. I am happy to be able to leave with full confidence in the new management team and the continuing profitability of the Group.

Charringtons Industrial Holdings Ltd

Copies of the Report & Accounts may be obtained from the Company Secretary, 11 Grafton Street, London W1.

	1977	1976
Sales to external customers	£170,188	£152,963
Profit before tax	4,168	3,341
Profit after tax	2,936	1,592

Dividends per share		
Interim	1.00p	1.00p
Proposed Final	2.146p	1.86p
Earnings per share	7.86p	4.25p

Brook Street Bureau of Mayfair Ltd.

BROOK STREET BUREAU

Results for 1976	31st December 1976	1975
Turnover	10,391,247	10,673,600
Profit	705,654	678,884
Earnings per share	4.26p	4.26p

In a modern social democratic society the private employment service has become an essential element of the economy. The duty, always recognised by reputable agencies, of performing this valuable service with integrity is now supported by the recent implementation of the Employment Agencies Act, 1973. For almost thirty years Brook Street has been pre-eminently in the field and I am confident that it will continue to be so.

Eric Hurst, Joint Chairman, 47 Davies Street, London W1V 2LN

Brook Street Bureau got big by boistering

HEADLAM, SIMS & COGGINS LTD.

SALES INCREASED BY 28%—PROFITS BY 54% IN A RECORD YEAR ON ALL FRONTS

Extracts from the Statement by Mr. Alec H. Coggins (Chairman).

The Accounts for the year ended 31st January, 1977, show that your Company has had a record year on all fronts. Sales have advanced by 28.00% (28%) and profits before tax by 54.00% (54%). Earnings per share ordinary share have increased from 3.36p to 4.82p.

Both of the subsidiary Companies have significantly improved their contribution to these excellent figures and are showing gains in the first quarter of the current year.

An additional factory was purchased during the year just ended and it is expected to make a further contribution to profits in 12 to 18 months time.

The dividend being declared by your Directors is the maximum permitted under current legislation. In future ordinary dividends will be paid twice a year, i.e. the interim dividend in December and the final dividend in June.

We face the current year with confidence and I am sure that we may expect another record year's results.

MANUFACTURERS AND DISTRIBUTORS OF SPORTS FOOTWEAR

BY THE FINANCIAL EDITOR

Revaluing at Landsits

actions carried out by Land Securities, which showed that inactivity was worth an additional £370m in a year, months, arguably did as much as political and public criticism in the property sector as did Mr Harry Hyams' unoccupied Centre Point office.

Lord Samuel, chairman of the group, will again show the results of a revaluation, and again Land Securities' as the dominant company in the sector—both in terms of physical assets and in accounting for over half of the shares among a group of 15 tightly-held companies—will have a disproportionate effect on market sentiment.

to the revaluation is the yield basis, or the group's investment properties. A revaluation, in March 1975, showed a portfolio valued at £910m. In 1975, 25 per cent yield basis would have yielded a sales price since that date, current market conditions yields of 6 per cent could be taken as reasonable, as much as a 20 per cent premium in asset values. However, Land Securities portfolio includes over £80m of development properties held few of which are likely to merit prime yields.

includes a large proportion of long leasehold properties, dating from the 1960s. Consequently a significant premium on the prime yields currently is necessary.

But the price-earnings consideration for the revaluation, 22.1p, against the 300p, which they closed in the market on 7th June, is a reflection, not of their intrinsic worth, but of the objections to the other predators in this field.

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in-house, compared with Christie's clumsy equity make-up. The offer should get off the ground but do not expect the 10 times oversubscription that Christie's enjoyed.



That Sir Max Aitken, the chairman of Beaverbrook Newspapers, is now believed to be considering withdrawing his board of directors from Trafalgar House Investments which values the company at £121m, split as 22.1p for the ordinary, and 65p for the "A" non-voting shares, is a fine pointer both to the realities of investment and the extent to which its outcome is likely to be affected by factors quite other than the financial ones.

Beaverbrook's board was recently using the franchise of the "A" shares on the trustees as a sine qua non for a Cavenham bid: it looks as though the trustees had the better measure of their real, if archaic, voting power.

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Some time later this year, perhaps in the early autumn, a new initiative is likely to be announced about regulating the securities industry. Most of those working in or with the City might be forgiven for not being aware of what is in hand, for the debates and discussions are being conducted in a low key and in close privacy. It could, however, be the most important event in the development of regulation in the City since the Takeover Panel was set up in the 1960s and gave way to the Takeover Panel in 1969. The fact is that fewer and fewer people, except perhaps in the legal profession, are aware of the fact that the City is being regulated by the City of London Securities and Exchange Commission. In 1968 and 1969, a full-scale investigation into the City's securities industry was conducted, at most no more than one or two decent City scandals away. Indeed, if the then President of the Board of Trade, Mr Anthony Crosland, had not so resolutely set his face against statutory regulation, it might have come then.

At the same time, those who are involved in the City are aware of the various existing mechanisms for self-regulation in the securities industry.

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Self-regulators take the initiative in the City

Hugh Stephenson

They have felt themselves rightly or wrongly to be under continuing political pressure to deal effectively with every weakness and abuse in the whole of the free enterprise sector of the mixed economy.

This has led to things like the determination of the Stock Exchange Council to show that it has muscles in dealing with Sir Hugh Fraser and Sir John Gifford, the two leading holders of democracy but without public or political discussion of the issues involved, to the Takeover Panel and the Stock Exchange Council insisting that the rights of majority shareholders should be subordinated wherever possible to the rights of all shareholders. It is leading, in an attempt to preempt more ground for the cause of self-regulation, to this autumn initiative, which is being quasi-sponsored by the Bank of England.

Some like Lord Shawcross, the keeper of the ark of self-regulation, have argued that if statutory regulation of the City is to be kept at bay what is needed is a new City commission with wide scope. Federated to it would be not only the Stock Exchange Council and the Takeover Panel, but also the various commodity markets,

foreign exchange dealers, perhaps the Baltic and insurance, in short all the markets which conduct business under the general rubric of the City.

Since April, however, when Mr J. R. Knight, deputy chief executive of the Stock Exchange and Mr David McDonald, director-general of the Takeover Panel produced their report the majority view seems to be that the initiative should be limited in scope to a new body which would provide regulations or suggestions and guidance to the Stock Exchange and the panel alone.

It is not clear what purpose this would achieve. It would scarcely impress the outside world that voluntary self-regulation had taken a huge step forward. Within the City it would run the risk of creating confusion over the relationship between the new body and its operating affiliates.

There is an argument and a strong one that the right course for the body like the Stock Exchange Council is to concentrate solely on the funding and regulation of its own industry, namely, the buying and selling of stocks and shares in the narrow sense. It has not in the past convinced either its enemies or its friends that it is so good

at its basic function as to have surplus talent and energy to turn on the wider questions of the regulation and behaviour of capitalism as a whole.

Those who take the present "minimalist" view of what the new initiative should be might well come to the conclusion that more vigour in existing methods, coupled perhaps with the granting of some qualified privilege to their investigations to make them less timid in reaching and publishing conclusions, would be better than adding confusion by the creation of a new body. But in any case, if the development of self-regulation is going to be confined in the main to the securities industry itself, a concomitant conclusion emerges.

For in that case it is inevitable and right that official and statutory oversight of the system must fill in the unoccupied ground. In other words, the joint review body set up last autumn between the Department of Trade and the Bank of England "to keep the working of the present system under review" would then become an increasingly permanent and important part of the British experiment in producing a part statutory, part self-regulatory control of the City.

Maurice Corina looks at the background to the Reyrolle Parsons-Clarke Chapman merger

A marriage of convenience?

The plain fact is that there is not enough work in Britain for even two competing generator enterprises and two boiler makers. No foreign customer and not even the CEEB is going to be satisfied until the industry restores its credibility and unites to beat some impressive competition

In the small print of that prepared by the Cabinet's Central Policy Review Staff which is entitled "The Future of the United Kingdom Power Plant Manufacturing Industry" can be found the following words:

"The merging of one of the British turbine generator producers with one of the boiler makers would have little advantage while the capacity of the turbine generator company remained at its present level."

So why is Reyrolle Parsons, which last month quietly began revising certain articles of association, plunging into a merger with Clarke Chapman?

The answer of this question will dictate the next moves by Sir Arnold Weinstock and Sir Kenneth Bond, GEC's chief executive and chairman of the board respectively. The merger of the two companies would have little advantage while the capacity of the turbine generator company remained at its present level.

Some important overseas customers, such as the Victoria State Electricity Commission in Australia and the Ontario Hydro Electricity Commission in Canada, may have been on the brink of taking Parsons off their tendering lists.

First reactions are that Reyrolle, owner of beleaguered C.A. Parsons, which the Government wants to surrender itself to GEC's management control, is moving to a position somewhat similar to that of Kraftwerk Union of Germany and Alstom of France, two giants who bring together generating set manufacture with boiler making in the nuclear power station market.

Yet these European rivals, with their own heavily protected domestic markets, have a very much larger turbine capacity than Parsons. And, more pertinently, they sustain research and development that produces the sizes of units which matter these days.

In terms of turbine capacity and technology, C.A. Parsons is, therefore, a different order of magnitude away from a boiler maker. The need to put together the know-how and best management in Parsons and GEC remains. And the same goes for the creation of a single generating enterprise as previously agreed between Clarke Chapman and Babcock and Wilcox Power Engineering, with National Enterprise Board help.

What Sir James Woodson is seeking to achieve, however, is a way of reinforcing the capital backing for its Parsons subsidiary. The Government is keenly stressing the financial power of GEC as a compelling argument in the fight over who gets management control. But there may be other reasons, too.

Unless the Department of Industry has been misled, Parsons has urgent need of some public demonstration that it is not going into decline.

Britain desperately needs a new capability for undertaking turnkey power station projects. It is what customers are beginning to expect. They also want complex but highly advantageous credit for everything, the

an equivalent NEB dominance over the industry's future policy.

The real issue in improving the British capacity to build power stations in future years has nothing to do with the dubious symbolism of the wretched question of who should build the sets of boilers for Drax B power station in Yorkshire. Two thirds of future work to sustain a British presence in this field of manufacturing well into the 1980s will have to be won in rough, tough world markets against big French, German, United States and Japanese companies. Make no mistake, the present protracted wrangling in Britain is delighting foreign rivals in bidding for limited world orders. It has to stop.

Britain desperately needs a new capability for undertaking turnkey power station projects. It is what customers are beginning to expect. They also want complex but highly advantageous credit for everything, the

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Britain desperately needs a new capability for undertaking turnkey power station projects. It is what customers are beginning to expect. They also want complex but highly advantageous credit for everything, the

keenest price, plus commissioning and delivery guarantees.

In the way, both GEC and Parsons do well, in spite of many handicaps, in overseas markets. But the present fragmentation of effort has to be ended if bigger sets and bigger packages are to be offered in the future. It is in the area of finance that the NEB may have the most pertinent role to play, providing guarantees for new consortia alongside their various parents. The provision of a reasonable minimum forward ordering programme in the domestic market by the CEEB is already promised if there is rationalisation.

Whatever work can be found from the home power station programme, no regrouping will be viable unless it was orders abroad. Mr Varley has to act decisively to put an end to the current "ad hoc" workforces, design teams, managers and export salesmen (who have watched in a decade the Japanese come from nil to

secure 10 per cent of world turbine generator markets compared with Britain's modest 8 per cent).

Consider the turmoil. Some 12 years ago, GEC quit the turbine business and sold its Erith and Winton plant to Parsons. But two years later it was back in the business through the acquisition of AEI and then came the English Electric merger. Parsons shut down the ex-GEC factories and concentrated work at Heaton Moor in the North-east, only to find itself battling it out with GEC again. In boilers, the big Babcock group has had its problems while Clarke Chapman merged with John Thompson and looked with International Combustion.

At the end of all this, is the plain fact that there is not enough work in Britain for even two competing generator enterprises and two boiler makers. Both unions and managements recognize the merits of amalgamation if there is to be any chance of survival in the longer term.

Reyrolle Parsons says it still wants to work with GEC and the boiler makers are agreed too. But their posturing is forcing the unions, anxious to protect as many jobs as possible, to ask for NEB intervention. Mr Varley must bring together GEC and Reyrolle Parsons with all speed and not rest until they are agreed on a satisfactory working relationship.

No foreign customer and not even the Central Electricity Generating Board is going to be satisfied until the industry restores its credibility and unites behind a strategy for beating some impressive competition.

John Brown AND COMPANY, LIMITED

Preliminary announcement of results to 31st March

	1977	1976
Turnover	£214.7	£188.4
Profit before taxation	10.9	1.7
Taxation	4.3	1.2
Profit attributable to Stockholders	6.6	0.5
Dividends	1.2	0.4
Profit retained	5.4	0.1
Earnings per Ordinary stock unit	42.4p	3.3p
Dividend covered (times)	5.4	1.3
Return before taxation on Stockholders Funds	25.1%	4.8%
STATEMENT OF RETAINED PROFITS AND RESERVES		
31st March 1976	£21.3	£18.0
Prior year—increased in stock valuation	4.4	4.4
Opening reserves restated	21.7	18.4
Increase on revaluation of Investments	—	1.8
Foreign exchange adjustments	0.5	1.4
Profit retained	5.4	0.1
31st March 1977	27.6	21.7

	1977	1976
Analysis by Activities	£m	£m
Machine Tools	48.3	2.6
Process Engineering and Construction	62.1	4.1
Gas Turbines and Specialist Fabrication	52.1	2.7
General Engineering and Miscellaneous	52.2	2.4
	214.7	188.4

Deduct	
Corporate interest and charges less investment income	9.9
Profit before taxation	10.9

1. CJB and JBE Gas Turbines had a good year. There was an improvement at Wickman, despite continued recession in machine tools, and a reasonable performance elsewhere.
2. The Group profit of £10.9m is after providing £2.0m to cover exceptional costs resulting from lack of orders for specialist fabrications at JBE Offshore.
3. Bank borrowings were reduced to £9.3m from £24.0m a year earlier.
4. Agreement has been reached to sell A. C. Wickman (Canada) for some £2.3m.
5. Orders on hand at the year end were £176m compared with £134m at March 1976.
6. A Second Interim Dividend will be declared on the 18th August 1977 payable on the 6th October 1977 of 5.2p or such larger amount as would reflect any reduction in the rate of ACT.
7. The Directors expect an improved profit in the current year given reasonable economic order.

Report and Accounts posted 7th July. Annual General Meeting 29th July 1977. Dividend payable 6th October 1977.

Copies available on request

A copy of this Offer for Sale, having attached thereto the documents mentioned herein, has been delivered to the Registrar of Companies for registration. Application has been made to the Council of The Stock Exchange for the share capital of Sotheby Parke Bernet Group Limited ("the Company") listed and now being issued to be admitted to the Official List. This Offer for Sale contains particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information to the public with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts, the omission of which would make any statement herein misleading.

The application for the Ordinary Shares now offered for sale will open at 10 a.m. on Thursday, 29th June 1977 and may be closed at any time thereafter. The procedure for application is set out below.

Sotheby's

Sotheby Parke Bernet Group Limited

Offer for Sale

by
Kleinwort, Benson Limited N.M. Rothschild & Sons Limited S.G. Warburg & Co. Ltd.
 of
3,850,000 Ordinary Shares of 25p each at 150p per share
 payable in full on application

Directors

Peter Cecil Wilson, C.B.E. (Chairman), 34-35 New Bond Street, London W1A 2AA

Graham David Llewellyn, 34-35 New Bond Street, London W1A 2AA

John Louis Marion (U.S. citizen), 980 Madison Avenue, New York, N.Y. 10021, U.S.A.

Peregrine Michael Hungerford Pollen, 34-35 New Bond Street, London W1A 2AA

David Anthony Thomas, Earl of Westmorland, K.C.V.O., 34-35 New Bond Street, London W1A 2AA

Sir Ronald Mark Conliffe Turner (non-executive), 6 St. James's Square, London SW1Y 4LD

The Rt. Hon. George Patrick John Rushworth, Earl Jellicoe, D.S.O., M.C. (non-executive), 30 Graham Street, London EC2A 2EB

Peter John Ralph Spira, F.C.A., 34-35 New Bond Street, London W1A 2AA

John Marcus Linell, 34-35 New Bond Street, London W1A 2AA

David John Nash, 980 Madison Avenue, New York, N.Y. 10021, U.S.A.

The Ordinary Shares now offered for sale will rank in full for all dividends hereafter declared or paid on the Ordinary Share capital of the Company.

Share Capital

Authorised
 £3,000,000 in 12,000,000 Ordinary Shares of 25p each

Issued and not
 being issued
 fully paid
 £2,725,000

Indebtedness

At the close of business on 20th May 1977 the Company and its subsidiaries had outstanding long-term secured loans of £750,000 and bank overdrafts and other short-term loans of £663,086 (of which £244,241 was secured). Foreign currency indebtedness has been translated into sterling at the approximate exchange rates ruling at the close of business on the above date. Save as disclosed herein and apart from intra-group transactions, neither the Company nor any of its subsidiaries had outstanding at that date any loan capital, mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments or material guarantees or (except in the ordinary course of business) other material contingent liabilities.

Secretary and Registered Office

A. R. Allen-Henry, F.C.A., 34-35 New Bond Street, London W1A 2AA

Joint Auditors and Reporting Accountants

Deloitte & Co., Chartered Accountants, P.O. Box 207, 128 Queen Victoria Street, London EC4P 4JX
 Tansley Wrix & Co., Chartered Accountants, P.O. Box 71, 28 Ely Place, London EC2P 1JZ

Solicitors to the Company

Herbert Smith & Co., 60 London Wall, London EC2R 7JF

Solicitors to the Offer

Slaughter and May, 35 Beaufort Street, London EC4A 3DB

Stockbrokers

Cazenove & Co., 11 Tokenhouse Yard, London EC2A 7AN

Bankers

National Westminster Bank Limited, 75 Cornhill, London EC3A 3NN

Morgan Guaranty Trust Company of New York, 31 Berkeley Square, London W1X 6BA and

616 Madison Avenue, New York, N.Y. 10022, U.S.A.

Receiving Bankers and Registrars

National Westminster Bank Limited

Receiving Bankers: New Issues Department, P.O. Box 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2A 2BD

Registrars: Registrar's Department, P.O. Box 82, National Westminster Court, 37 Broad Street, Bristol BS99 7NH

CHAIRMAN'S LETTER

The following is a copy of a letter to Kleinwort, Benson Limited, N.M. Rothschild & Sons Limited and S.G. Warburg & Co. Ltd. ("the Banks") from Mr. Peter Wilson, Chairman of Sotheby Parke Bernet Group Limited. In this letter the Company and its subsidiaries are collectively referred to as "Sotheby Parke Bernet" or "the Group"; "season" is synonymous with accounting period; sterling figures may represent or include foreign currency amounts translated into sterling at the approximate exchange rates ruling at the end of the relevant accounting period.

Kleinwort, Benson Limited,
 N.M. Rothschild & Sons Limited,
 S.G. Warburg & Co. Ltd.

22nd June 1977

Dear Sirs,

In connection with your Offer for Sale of Ordinary Shares of Sotheby Parke Bernet Group Limited I have pleasure in giving you the following information.

Origins and Early History

The firm has its beginning in the cut and thrust of the London book trade of the 1730s. In 1733 a young bookseller named Samuel Baker started issuing catalogues from the *Angel and Crown* in Russel-street, Covent Garden. His first known catalogue of 19th February 1733 (this was before the introduction of the Gregorian calendar) was of a "Choice Library of Books consisting of History, Antiquity, Divinity, Physick, Mathematics, Law, Novels and Romances, etc.". Beale's *Concise of all Diseases* was offered at one shilling and Ovid's *Metamorphoses*, printed in Amsterdam in 1683, at two shillings. In the mid-1740s Baker began to dispose of libraries by auction, a form of sale that was then becoming popular. As his business prospered he moved into new premises in York Street, Covent Garden, and one of his most memorable sales from there, in 1754, was of the library of Dr. Richard Mead, scholar and collector, who was physician to George II and Sir Isaac Newton. Two years later Baker began the sale of the immense library of the topographer and antiquary, Richard Rawlinson. Even though Rawlinson had bequeathed some 5,700 manuscripts to the Bodleian Library, the sale of the remaining books and prints took sixty evening sessions, for sales at that time only began at five o'clock in the afternoon.

Although Baker continued to trade as a bookseller, and even as a publisher, he became a skilful auctioneer, and dispensed an increasing number of libraries, as well as the occasional collection of coins, medals, drawings, scientific instruments and antiquities. A portrait of Baker, which hangs in Sotheby's offices to this day, shows a sedate old man in a bob-wig and plum-coloured coat. Diddin, the famous nineteenth-century bibliographer, records a conversation with Samuel Sotheby, in which the latter describes Baker as "the Father of our Tribe", and comments on the portrait: "He was as fine a fellow as ever broke a crust of bread and we have a portrait of him up stairs taken not long before he died in his 60th year and with every tooth in his head as sound as a roach". It was, incidentally, in 1766 that the founder of our friends and rivals in King Street, James Christie, began in business as an auctioneer.

In 1767 Baker took George Leigh into the business. He became a partner in 1774 and continued the firm after Baker's death in 1778. Leigh in his turn took into partnership John Sotheby, Samuel Baker's nephew, and in 1780 the title of the firm became LEIGH & SOTHEBY. Three generations of the Sotheby family took an active part in running the business: John, John's nephew Samuel Sotheby, and the latter's son, Samuel Leigh Sotheby. The last two Sothebys were accomplished bibliophiles as well as auctioneers. At the time of S. L. Sotheby's death by drowning in 1861 he was in partnership with John Wilkinson. The latter was joined in 1864 by Edward Grose Hodge and the firm became known as SOTHEBY, WILKINSON & HODGE in that year. There had been some disruption of its affairs in 1865 when a great fire badly damaged the premises and destroyed many of our early records.

When Hodge Senior died in 1909, his son, Tom, became the sole proprietor and because his father had died intestate, he was forced to sell the business. It is at this point that the modern history of the firm begins, largely, as so often happens, by chance. Hodge was a sportsman and, on joining a new shooting syndicate, he is said to have met again as a fellow member a boyhood friend and now a rising ecclesiastical lawyer Montague Barlow, who combined amazing energy with a keen eye for business and wide antiquarian tastes. After protracted negotiations Hodge agreed to sell the business to Barlow and two friends of similar vision and taste. Thus Sotheby's passed into the hands of an unusual and far-sighted group of men. Barlow himself secured a seat in Parliament in 1910, entered the Cabinet as Minister of Labour in 1922 and retired from Sotheby's in 1928. The second member of the triumvirate, Geoffrey Hobson, became known as a versatile scholar, a world authority on rare book bindings and the author of a number of standard books on this subject. He strengthened and expanded the firm's interest in

books, manuscripts and autographs and was responsible for building up sales of most forms of collectable antiques and furniture. Felix Warre, the third new partner, who had gained his business experience in the Far East after achieving fame at Oxford as an oarsman, became one of the firm's principal auctioneers and in due course controlled Sotheby's finances until, after almost forty years of partnership, he retired to his native Dorset.

When Barlow, Hobson and Warre took over they had, at least in the sphere of books, a pre-eminent position. For two or three generations most British libraries of consequence which had come on the market had passed through Sotheby's hands. Their owners included such famous names as the Duke of York, Sir Thomas Lawrence, Richard Heber, the Duke of Buckingham, the Earl of Shrewsbury, the Rev. Thomas Corser, William Beckford, the Duke of Hamilton, the Earl of Ashburnham and Sir Thomas Phillips. Earlier on the firm had also attracted numerous foreign libraries. They included those of Talleyrand sold in 1816; of Napoleon (brought back from St. Helena) in 1823; of Louis Bonaparte, King of Holland (consigned by his nephew, afterwards Napoleon III); of Dr. Georg Kloss of Frankfurt and of the infamous Guglielmo Libri, who had pillaged various French public libraries in order to enrich his own. In 1910 the new partners had awaiting for sale the magnificent Hugh and Briwell Libraries which together realised more than £900,000 over many years in numerous sessions in the auction room.

By this time sales of porcelain, coins, European and Japanese prints, classical and Egyptian antiquities and even stamps were taking place much more frequently. In 1917 the lease at Wellington Street, near the Strand, where the firm had been for almost exactly one hundred years, was due to expire. The location was now anything but quiet and modish backwater it had been when Samuel Sotheby had moved there. So the bold decision was taken to move to the West End, where many important members of the art and antiquarian book trade had become established. The partners acquired much larger premises in New Bond Street, in a building that had once housed the Doré Gallery, and extended the business into silver, furniture, carpets, tapestries and other categories of the fine and decorative arts.

Although on a modest scale Sotheby's was no stranger to the fine art market—the firm had, for example, been responsible for the Studio sales of Richard Parkes Bonington and Thomas Sandby, and in 1913 it had sold a Frans Hals portrait belonging to Lord Glanusk for a record £9,000—it had never been previously equipped, or had the space, for the great art sales. The first really important such sale consisted of old master drawings, engravings, paintings and, particularly, armour from Wilton House, the home of the fifteenth Earl of Pembroke, in 1917. A second armour sale from Wilton included the celebrated Jacob suit of Henry Herbert, the second Earl of Pembroke, which fetched £25,000 and is now in the Metropolitan Museum in New York. It took a third sale from Wilton in 1923 to exhaust the armour there, and that year also saw the dispersal at Bond Street of the fine collection of European antique fire-arms belonging to Herbert J. Jackson. In May 1927 a four-day sale of the S. J. Whewell collection of arms and armour, which included the famous Spinala Sword, totalled £39,000.

After the firm had taken on C. F. Bell of the Ashmolean Museum as its adviser on fine arts, such sales grew steadily. In 1918 there had been a two-day sale of the splendid old master drawings belonging to Sir Edward Poynter, President of the Royal Academy. In 1920 the virtually unknown cabinet of drawings which had belonged to the family of the Marquess of Lansdowne was sold, and this was followed by a fine selection of English drawings belonging to J. P. Heseltine (whose collection of paintings and house contents the firm was to sell in 1935). The following year saw the sale of Lord Northwick's drawings and in 1922 the outstanding collection of Italian, French, English and Dutch drawings of Max J. Bonn came under the hammer. It included particularly good examples of the work of Dürer, Holbein and Rembrandt. The same year saw the sale of the famous collection of Egyptian antiquities assembled by the Rev. William MacGregor which lasted no less than nine days. The 1920s was also the period when we were beginning to make a speciality of sales of Oriental porcelain.

In addition it was a very active period for book sales, in which many records were broken. The three sales of the illuminated manuscripts and early printed books belonging to Henry Yates Thompson were completed in 1921 and fetched a total exceeding £150,000. Nineteen books only from the library of the estate of the Earl of Carysfort in July 1923 fetched £35,500 in less than an hour. The Holford Library was sold in five sales between 1927 and 1929 for a total of £109,202. In 1928 we sold the original manuscript of the first version of *Alice in Wonderland* for £15,400, and in 1936 occurred the memorable sale of Sir Isaac Newton's papers, several million words of mostly unpublished material in the hand of the great scientist, the property of the Viscount Lynton.

Special efforts to attract collectors from abroad during the years of depression after 1929 met with notable success. France sent the paintings, drawings and antiquities of Vicomte d'Hendécourt, the Faghiel Magnan Collection of ninety-nine paintings and drawings and the fine works of art of the Comtesse de Greffulhe; from Germany came the Pringsheim and Glogowski Collections of Italian miniatures, and from Holland the

distinguished Library of A. W. M. Mensing. In 1938 one of the great American libraries, that of Mortimer Schiff, crossed the Atlantic for sale at Sotheby's.

At home the early thirties also saw our first incursion into house sales. Among many others, we sold the contents both of Viscountess Cowdray's London home at 16 Carlton House Terrace and of her house at Paddockhurst in Sussex, and in 1937 the magnificent contents of Lord Rothschild's house at 148 Piccadilly. The total of £125,264 realised for this was no surprise to the art world, as the sale of twenty-one Dutch cabinet pictures stimulated the fiercest rivalry between Dutch and French collectors. The Rothschild sale was one of the earliest to be broadcast live by the BBC.

Recent History

The outbreak of the Second World War did not, as in 1914, close the art sale rooms altogether. The sale at Sotheby's of the residue of the great Bunsen Collection of Chinese ceramics attracted numerous French collectors whose buying orders early in June 1940 must have been among the last commercial messages to pass freely across the Channel. In 1943 prices began to increase at long last and London slowly strengthened its position as a world centre of the fine art market. But the resumption of normal international trading was severely restricted for a decade by post-war currency regulations, and the chief sales after the war were of English collections. These included the paintings and other works of art of Sir Bernard Easton in 1948/49; the Ashburnham family collection of paintings and furniture in 1953; the particularly fine miniatures, paintings and silver of the Sotheby family of Eton in 1955; the library of Sir Leicester Harmsworth, the sale of which had started in 1939 and was completed in 1953; and the illustrated books and magnificent illuminated manuscripts of C. W. Dyson Perrier which finally realised £1,046,592 and were part of the most valuable library we had sold up to that time.

During the 1950s Sotheby's had been developing its international reputation, acting, for example, as advisers to the Egyptian Government on the sale of the Royal Palace's Collections in Cairo in 1953. The removal of restrictions on imports from outside the sterling area in 1954, and the ability once more to pay the proceeds of sale in the consignors' own currency, stimulated the use of the London sale-rooms by foreign consignors. In addition the introduction at this time of increasingly specialised sales contributed substantially to the firm's growth.

A sale of particular importance, which benefited from a combination of these factors, was that of French Impressionist and later paintings from Mr. Wilhelm Weinberg's Collection in July 1957 for £326,520, the first English auction sale exclusively devoted to such works. This was followed in October 1958 by a watershed in the firm's history, when only seven important Impressionist paintings from the Jakob Goldschmidt Collection were sold for £781,000 in some twenty-one minutes in the first evening sale at Sotheby's to be held since the eighteenth century. The £220,000 paid for Cézanne's *Garçon au Gilet Rouge* was more than double the highest price previously paid at auction for any painting or work of art. Later in the same season, the Duke of Westminster's *Adoration of the Magi* by Rubens—now in King's College Chapel, Cambridge and so large that an opening had to be made in the floor of our West Gallery through which it had to pass in order to reach the sale room—was sold for £275,000; and by this time it could be said that London was established as the undisputed centre of the world's art market.

Over the previous forty years the firm's sales volume had increased twentyfold and book sales, although still an important part of the business, accounted for little more than ten per cent. of the total sales volume by 1958. It was in that year that I became Chairman of SOTHEBY & CO., the company which had owned the business since 1924.

In 1960 Thomas Gainsborough's portrait of *Mr. & Mrs. Andrews in the Park at Ashted, Sudbury* (now in the National Gallery) sold for £130,000, at that time the highest price ever paid at auction for an English picture, and the 168 pieces of the Louis XV silver dinner service from Berkeley Castle were sold in a single lot for £207,000. (The service had been insured for less than £10,000.) In the 1960/61 season the sale of paintings became our most important activity, the thirty-eight picture sales accounting for more than forty per cent. of the firm's business. In October 1960 a sale which included twenty-nine Picassos consigned by Jacques Sadie of New York realised £429,700. In the same season we sold an unrecorded portrait by Frans Hals for £182,000 and Göya's portrait of the Duke of Wellington for £140,000. In the following season Rembrandt's portrait of St. Bartholomew fetched £190,000 and we dispersed Sir Alexander Korda's Collection of Impressionists for £464,470 and Somerset Maugham's for £523,880. In December 1962 and June 1963 Sir Chester Beatty's Gold Boxes and other Objects of Vertu realised £223,587 in the two sales. Most of us thought that the sales volume reached in that season of heady days would remain unsurpassed. But the forty-seven Impressionist paintings belonging to the late William Cargill—the first such collection to sell for more than £1,000,000 at auction in England—and the dispersal of the many distinguished works of art belonging to the late René Fribourg of New York, in seven sales totalling £1,201,767, helped to increase the following season's sales volume by over 21 per cent.

Sotheby Parke Bernet Group Limited

Continued

Parke Bernet History and Acquisition
By the middle of 1955 Sotheby's had opened an office in New York City and the number of properties consigned from the United States to London was beginning to increase. In 1960 "Sotheby's of London Ltd." was formally established in New York and it was the decade which followed that Sotheby's international expansion really gained momentum. By the 1963/64 season the value of properties consigned from America to London exceeded the total sales of our then chief rivals in New York, Parke Bernet.

Parke Bernet as such dates from 1937 but its ancestor was the American Art Association, founded in 1883, which rapidly became the leading American firm auctioneering property. In 1929 the Association merged with the Anderson Galleries, which specialised in sales of books and prints. In 1937 Major Hiram H. Parke, the doyen of median auctioneers, and his colleague Otto Bernet, with other key members of the firm, left the firm to found their own company, Parke Bernet Galleries Inc. They were so successful that later they acquired the American Art Association, the company they had left. But by 1955 both Parke and Bernet had died and control of the firm had passed to non-executive shareholders. The great strength of the firm lay in the able and commanding figure of its English-born President, Leslie A. Hyam. His unexpected death in 1963 paved the way to a change of ownership. Louis J. Marion, President in succession to Hyam (and the father of John L. Marion who has in his turn been President of Parke Bernet Inc. since 1972), and Mary Vandegrift, his executive Vice-President, were the first to see that the acquisition of Parke Bernet by Sotheby's had been a logical step and, in the summer of 1964, Sotheby's made a successful offer to purchase the firm.

During the eighty years between the founding of the American Art Association and Parke Bernet's acquisition by Sotheby's, the firm has dispersed at auction some of the greatest estates and collections in the United States, outstanding among which were those of Charles T. Yerkes (1910); Catholina Lambert (1916)—who formed one of the best collections of Impressionist paintings in America; John Quinn (1927); Judge H. Gary (1928); Mrs. Henry Walters (1940-41); Mrs. Hamilton McKay Twombly (1952)—the last surviving grandchild of the Commodore, whose men wore violet liveries to match the Rolls-Royces; Georges Lucy (1957); Mrs. Anna Chrysler Foy (1959); Alfred W. Erickson (1961)—his Rembrandt of *Aristotle contemplating the Bust of Homer* was bought for a record \$2,300,000 by the Metropolitan Museum; and Julia A. Berwind, sister of Edwin C. Berwind—reputedly the world's first owner of coal-mining properties—the contents of whose house in Newport, Rhode Island, were sold in 1962.

From the early 1960s American museums and institutions had been taking advantage of the opportunities that the reputation of Sotheby's offered for the successful sale of works of art in London. Amongst these were sales of books from the Library of Congress; the Folger Shakespeare Library in Washington; the American Academy of Arts and Letters; Yale University; and the Newberry Library in Chicago. In 1964 fifty important paintings by Kandinsky were sold by the Trustees of the Solomon R. Guggenheim Foundation.

Subsequently the increasing reputation for specialist knowledge at Parke Bernet in following its acquisition by Sotheby's, brought important properties under the hammer in New York from such institutions as the Museum of Fine Arts, Boston, and the Redwood Library and Athenaeum in Newport (probably the oldest library in America). The fact that Christie's have recently established a saleroom in New York is acknowledgement of the growing importance of that city as a centre of the international market.

Group since 1964

Standing Sales
In the last season before the acquisition of Parke Bernet we held 337 auctions which realised a total of £13,300,000. In the 1975/76 season the Group's total sales at auction increased to £98,400,000 and the number of auctions to 1,114.

It was in the mid-sixties that Impressionist and Modern paintings became the dynamic sector of the art market. In April 1967 Picasso's *Maternité au bord de la mer* realised £190,000, the highest price at auction for the work of a living artist. New York in December 1968 sold a collection of School of Paris paintings belonging to J. Roundesque of Paris for \$2,783,250. Prices unprecedented at auction were realised for the thirteen artists represented in his collection. The great Renoir, *Le Pont des Amis*, which was also sold in New York in 1968 at a price of \$1,550,000, created another record, which still stands. Parke Bernet's success continued in 1969 with the sale of the great collection of Impressionists, and in 1970 a variant of van Gogh's famous *Le pin et l'Arbre en fleur*, the property of the late W. W. Crocker, fetched \$1,300,000.

In October 1970 London sold the William Goetz Collection which included an exceptional group of Fauve pictures, and, in May of 1971, New York began one of the outstanding series of sales of Impressionist and Modern paintings and sculpture, with from collections formed by Norton Simon, which had reached a total of \$12,740,000. The seventies have seen a significant increase in the dispersal of important collections of all kinds, and a steadily growing volume of the more modest works of art coming to the market. This has been so in London and New York as much as in continental Europe and Hong Kong.

A few recent highlights are worthy of recall: among many other jewellery auctions New York, the \$1,050,000 realised by the Cartier diamond (subsequently given to Albert Taylor); the beautiful Renaissance jewels of the late Anna Lopez-Willshaw London; the collection of Rembrandt's engravings belonging to Lord Down; the rare drawings from the Ellesmere collection; the Lady Blunt Stradivari violin for \$84,000 in 1971; the collection of firearms formed by the late William Goodwin Wick; the five most important pieces of French eighteenth century furniture which realised \$683,000 from the collection of Mr. and Mrs. Deane Johnson; the Ming and white bottle sold for \$420,000 in 1974 and the total of £1,838,695 from the three of the Japanese prints from the Henri Veret Collection between 1972 and 1977.

Most memorable in recent times in New York were the eight sales in the first half of the 1975/76 season devoted to the dispersal of the 7,950 lots belonging to the Geraldine Rockefeller Dodge. These fetched over \$7,000,000 and constituted the largest number of objects belonging to one collection ever sold by Sotheby's. In the United Kingdom, the sale at Mentmore Towers in May this year captured public imagination, brought buyers from all over the world to Buckinghamshire and realised a total of £6,048,000, the highest ever achieved from a continuous series of sales from one collection.

In 1967, we leased Hodgson's Rooms in Chancery Lane from the Hodgson family, which had been established there since 1863. Specialised categories of books, including art reference books, children's books, law books and, in general, books printed in 1830, are now sold there. This was followed in 1971 by the founding of Sotheby's rooms to cater specifically for the increasing interest in 19th and 20th century works of art. Our fully illustrated catalogues for sales held there, with their bright red covers, are often set new standards of cataloguing in the many areas we have pioneered.

Our expansion overseas also continued. After the acquisition of Parke Bernet in New York (subsequently renamed Sotheby Parke Bernet) Sotheby's opened several offices in North America. The first sale in Canada, which was attended by well over 200 people, had been held in Toronto in 1967, and a permanent office was established there in 1968. In 1966 we had opened an office in Los Angeles and by 1971 this had become a fully fledged auction house in its own right, Sotheby Parke Bernet Los Angeles. Again its activities in newly acquired premises with a sale of "props" from the studios of Twentieth-Century Fox (including Shirley Temple's teddy bear for \$450, and the role from "Butch Cassidy and the Sundance Kid" for \$3,100). In 1968, PB 84, an auction house dealing with less valuable works of art and antiques, was founded in New York.

Our purchase in 1974 of Mak van Waay of Amsterdam, the most distinguished fine auction house in the Netherlands, was a further acknowledgement of the importance of continental Europe as a market. Since then Mak van Waay has sold two of the greatest rare collections of paintings in the Netherlands: in the spring of 1976 that formed by de Geus van den Heuvel for £1,440,000 and in June 1977 the collection of the late Hans Wetzlar for £1,052,000.

In 1975, by arrangement with the Montégasque government, we mounted the sale of a series of major sales in Monte Carlo. Property drawn from the collections of Guy de Rothschild and Baron Alexis de Redé was sold for a total of £16,485,000.

In 1976 we formed a close association with Beames & Weycotts of Torquay, principal auction house in the South-West of England, and we have now contracted to acquire this business, which will operate as Sotheby-Beames. In the current year, association has been established with Henry Spencer & Co. of Redford, the oldest auction house in the Midlands and North of England, which involves certain commissioning arrangements. This company operates under the designation "in association with heby's".

During 1977 we have developed two new businesses in the United States, one to reach the Group in the international stamp-auction market and the other to provide facilities for the sale by private treaty of major real estate properties in North America. A heby Parke Bernet has also recently entered into an association with Saudicorp, a subsidiary of the Sulaiman Group, and Algemom Asprey Limited, principally to provide service in Saudi Arabia for all aspects of the fine arts including the design, building, crating and furnishing of private houses, art galleries, government institutions and museums.

new innovations

The last two decades have seen a number of innovations in auction techniques. The first television sale has been employed for major sales in our salerooms from its inception in the Weinberg sale in 1957. The first simultaneous auction in London and New York was held by Sotheby Parke Bernet in 1965 using the Early Bird Satellite by way of the BBC's "Panorama". The first sale at auction linked by television to a

number of different locations, namely Dallas, Fort Worth, London, Los Angeles and Paris, occurred when a painting by Picasso, donated by the artist as a contribution to the fund for the relief of Florence, was sold in NBC's studios in New York. Transatlantic bidding by telephone has now become an almost routine matter at major sales. We have recently installed a currency converter in our principal Gallery which can show progress of the bidding in sterling and in six other currencies. In some of our salerooms, such as New York, Monte Carlo, Zurich and Hong Kong, colour slides of smaller objects are projected onto a screen during sales, as an aid to identification and clarity of presentation.

In recent years we have sent teams of experts to various centres so that we can help owners living in the area to identify and to value their possessions. Particularly successful "clinics" of this kind have been held in places as diverse as Baltimore and Bordeaux.

The first auction sale devoted entirely to photographic material (that of the collection of William Weissberg) was held at Parke Bernet in May 1967. Auction sales of this kind have become a regular part of every season in the United States and London. An album of photographs by Julia Margaret Cameron was sold at Sotheby's Belgravia for £52,000 in 1974 and later acquired by the National Portrait Gallery.

The first series of auctions devoted entirely to works of art and literary material relating to the ballet was held at Sotheby's in June 1967. A further sale was held at the Scala Theatre in July 1968 and, for the third series (held at the Theatre Royal, Drury Lane in December 1969), the late Lydia Sokolova, who had danced with the Diaghilev company, drew upon her remarkable memory to reconstruct some of the choreography from Nijinsky's production of "Le Sacre du Printemps", performed during the sale by members of the Royal Ballet School and the London Festival Ballet, who wore the original costumes included in the sale.

In Conclusion

Today we describe ourselves still—as we have done for generations—as 'Auctioneers of Literary Property and works illustrative of the Fine Arts', but the phrase has come to be interpreted in a much more liberal way, embracing such diverse objects as a fossil ichthyosaur sold in March 1970 for £3,200, a Sopwith "Canal" for \$25,000 (sold with other historic and mostly airworthy aeroplanes in California in May 1968), a pre-war Eggart, designed for Lord Rothschild, for \$50,000 and a stuffed Great Auk for £9,000 both in 1971. John Sotheby, from whom we take our name, might have looked askance at the licence taken with that description but he would surely have been delighted to find that the innovative spirit of his uncle, Samuel Baker, is as strong as ever within the firm after almost two and a half centuries.

Business

Sotheby Parke Bernet has the largest volume of sales of any international fine art auction house, with auction rooms or representative offices in 26 different cities.

The principal auction rooms are in London, New York, Amsterdam and Los Angeles; auction sales are also regularly held in Florence, Hong Kong, Johannesburg, Monaco, St. Moritz, Toronto and Zurich and, in association with Savkis-Sotheby's, in Madrid. The Group also holds auction sales in other locations from time to time, sometimes in conjunction with local auction houses. The Group has offices or representatives in Boston, Brussels, Buenos Aires, Dublin, Edinburgh, Houston, Melbourne, Middleburg, Milan, Munich, Palm Beach, Paris, Rio de Janeiro, San Francisco and Stockholm.

The Group's activities are as follows:

(a) Auction Sales

Our principal business is that of auctioneers of works of art and artefacts of almost every kind and period from virtually every civilisation and country. In the 1975/76 season commissions on auction sales accounted for approximately 89 per cent. of the Group's gross revenue.

An analysis of property sold at auction during the 1974/75 and 1975/76 seasons is as follows:

	1974/75 season	1975/76 season
Old Master Paintings and Drawings	£,000 7.9	£,000 10.9
18th, 19th and 20th Century British and Continental Paintings and Drawings	5,600 7.5	7,900 8.0
Impressionist, Post-Impressionist and Contemporary Art	11,600 15.5	14,200 14.4
Prints	2,100 2.8	2,500 2.5
Books and Manuscripts	4,800 6.4	8,400 8.5
Works of Art including Sculpture, Musical Instruments, Arms and Armour and Objects of Vertu	6,100 8.2	6,700 6.8
Silver	3,900 5.2	4,100 4.2
Coins and Medals	1,400 1.9	1,200 1.2
Antiquities	1,800 2.4	2,900 3.0
Furniture	10,400 13.9	13,000 13.2
European Ceramics and Glass	3,300 4.3	3,500 3.8
Chinese Works of Art	4,600 6.2	5,800 5.9
Japanese Works of Art	2,100 3.3	1,700 1.7
Jewellery	7,200 9.6	11,000 11.2
Wine	900 1.2	1,000 1.0
Americana	2,800 3.7	3,800 3.9
	74,800 100.0	98,400 100.0

Sotheby Parke Bernet aims to attract as wide a range as possible of potential purchasers for each individual item offered for sale. Sales are advertised in national newspapers, periodicals and also in specialist catalogues prepared by the Group. Details of all property to be auctioned are included in the catalogues. These are distributed to subscribers and collectors worldwide. Potential purchasers who are unable or do not wish to attend a sale may instruct the auction house to enter bids on their behalf. Such bids are always executed as cheaply as is allowed by other bids and reserves as are on our books. Sotheby Parke Bernet publishes estimates as a guide for prospective purchasers and in the normal course of its business may also give guidance on such matters as the quality, condition and provenance of a work of art.

At its sales, the auction house normally acts as agent for the consignor, from whom it receives a commission based on the hammer price; if a property fails to reach its reserve price and remains unsold, the consignor is usually charged a reduced commission. A premium based on the hammer price is also received from the purchaser in all the Group's auction rooms except those in North America and South Africa and except in the case of coin and wine sales in the United Kingdom.

Under the normal agreement with consignors used in the principal auction rooms, there is no legal obligation to pay the proceeds of sale to a consignor until the amount due has been received from the purchaser. If, however, a purchaser is allowed to take possession of the property before payment, the auction house is obliged to make payment to the consignor on the due date for such payment.

If requested, an auction house may make an advance to a consignor, well before the sale, of part of the expected proceeds of sale of his property. Such advances are normally interest-bearing, are secured by the consigned property and the sale proceeds, and remain outstanding until the proceeds of sale are collected and the consignor's account settled. On rare occasions an auction house may enter into an obligation as to the amount of the sale proceeds to be received by the consignor. Where a minimum sum is guaranteed the auction house is obliged to pay to the consignor the amount by which the net proceeds of sale fall short of the guaranteed sum; in these circumstances it may retain for its own account all or part of any unsold property for subsequent resale.

A guarantee against deliberate forgery, subject to the terms of the applicable Conditions of Sale in the catalogues, is given to the purchaser by the relevant Group subsidiary in respect of most of the property sold at auction. In addition, in the case of Impressionist, Modern and Contemporary paintings, drawings and sculpture and Modern British paintings, a guarantee of correct attribution is given. Guarantees are normally valid for five years from the date of sale. Claims against the Group under such guarantees have not been material.

(b) Private Treaty Transactions

Where a consignor does not wish to sell property at auction, Sotheby Parke Bernet is willing to advise on a privately negotiated sale, in which event it may receive a commission from either the consignor or the purchaser. Alternatively, in very rare circumstances and only if requested by a client, the Group may acquire property from a client for its own account; property acquired by the Group in this way may be sold over a period of years. In the case of stamps, Sotheby Parke Bernet has arrangements with Andrew Levin (the chief executive of Sotheby Parke Bernet Stamp Auction Co., Inc.) and companies associated with him under which it may finance the acquisition of stamps which owners do not wish to sell on commission.

(c) Valuations

Sotheby Parke Bernet prepares formal valuations for capital transfer tax, probate, insurance and other purposes. Whilst an agreed charge is made for these services, the greater part of such charge is often waived if the property concerned is sold at auction by the Group soon thereafter.

(d) Fine Art Packing, Forwarding, Framing and Restoration

James Bourlet & Sons Limited and J. J. Petrickson & Son Limited provide services in the field of fine art packing, freight forwarding, international transport and storage, picture framing, furniture restoration and fine art conservation.

(e) Real Estate Brokerage

The Group has, through Sotheby Parke Bernet International Realty Corporation, entered the luxury real estate brokerage business. In return for a fee this company advises on and manages the purchase and sale of major real estate properties in North America, often in conjunction with the sale of personal property.

(f) Special Advisory Service

Sotheby Parke Bernet advises the British Railways Superannuation Fund and the British Railways (Wages Grades) Pension Fund in the United Kingdom on their programme of long-term investment in works of art and accepts responsibility for the authenticity of works of art purchased on its advice. Any decision as to where and

whether a purchase is to be made, and the price at which it might be made, is taken independently by the officers of the Funds concerned.

(g) Publications

Sotheby Parke Bernet produces catalogues for its sales, a monthly preview of forthcoming auctions and an annual review of the year's art market called "Art at Auction". It also licenses its name, in return for royalty payments, to the publication of books connected with the arts.

Geographical Analysis of Auction Sales

A geographical analysis of property sold at auction for the 1974/75 and 1975/76 seasons is as follows:

	1974/75 season	1975/76 season
Hong Kong	£,000 0.1	£,000 1.8
Italy	500 0.7	1,000 0.7
Monaco	1,100 2.4	2,500 2.6
The Netherlands	3,700 4.9	7,900 8.0
South Africa	800 1.0	620 0.6
Switzerland	2,000 2.7	4,500 4.6
United Kingdom	37,000 49.5	38,000 38.6
United States and Canada	29,400 38.0	43,800 43.5
	74,800 100.0	98,400 100.0

Except in the United Kingdom and Switzerland, by far the greater proportion of the property sold is consigned locally. In the United Kingdom, the proportion of property sold in the 1975/76 season which was consigned from overseas was in excess of 30 per cent. The contribution of any one location and, in particular, of the United Kingdom and of the United States and Canada, to the Group's sales and earnings varies considerably from year to year.

Management and Staff

I joined the business in 1956. My principal responsibility as Chairman is for matters of policy and the overall direction of the Group and I am also closely involved in negotiations with clients in all aspects of our business. I am aged 64.

Mr. G. D. Llewellyn (aged 55) is a Deputy Chairman of Sotheby Parke Bernet & Co., London, with particular responsibility for the international offices of the Group other than those in North and South America. He is also Chairman of our Dutch, German and Hong Kong companies and of James Bourlet & Sons Limited and has overall Group responsibility for jewellery sales, being especially involved in those held in Switzerland and Hong Kong. He has been with the Group since 1953.

Mr. J. L. Marion (aged 43) joined Parke Bernet in 1960 and has been President of Sotheby Parke Bernet Inc., New York, since 1972, thus continuing a family tradition, his father having previously been President. He has overall responsibility for all the Group's North American operations.

Mr. P. M. H. Pollen (aged 46) is Executive Deputy Chairman of Sotheby Parke Bernet & Co. He joined the Group in 1957 and was our representative in the United States from 1960 until 1964; from 1964 to 1972 he was President of Sotheby Parke Bernet Inc. He has particular responsibility for South America and the Middle East, for special projects and public relations outside North America; together with Mr. J. L. Marion he co-ordinates our activities in North America with the other parts of the Group.

The Earl of Wesmorland (aged 53) is a Deputy Chairman of Sotheby Parke Bernet & Co., with particular responsibility in the United Kingdom for the development of new business, valuation services, insurance and property. He joined the Group in 1965.

Sir Mark Turner (aged 71) joined the Group as a non-executive Director in 1971. He is Chairman of Rio Tinto-Zinc Corporation Limited, Deputy Chairman of Kleinwort, Benson, Lonsdale Limited and a Director of a number of other companies.

The Earl Jellicoe (aged 59) joined the Group as a non-executive Director in 1974. He is a Director of S. G. Warburg & Co. Ltd. and a number of other companies.

Mr. P. J. R. Spira (aged 47) is the Group Finance Director and Managing Director of Sotheby Parke Bernet & Co., having joined the Group in 1974. He is a Director of S. G. Warburg & Co. Ltd., having previously been a Vice Chairman of that company.

Mr. J. M. Linell (aged 37) is Head of the Expert Departments in London and has been with the Group since 1956. He spent four years in the United States from 1967 to 1971 as a Senior Vice President of Sotheby Parke Bernet Inc. running the Decorative Arts Departments and was subsequently responsible for the establishment of our Belgravia auction room in 1971.

Mr. D. J. Nash (aged 35) is the head of the Paintings Departments in the United States and has been with the Group since 1961. He originally joined the staff of Sotheby Parke Bernet & Co. in 1961 and moved to New York two years later.

Of the largest subsidiaries, Sotheby Parke Bernet & Co. has 37 Directors, whose average length of service is 13 years and of whom 15 are under the age of 40 and Sotheby Parke Bernet Inc. has 19 Vice Presidents, whose average length of service is 10 years and of whom 16 are under the age of 40.

Approximately 190 specialists are employed within the Group, some of whom are leaders in their field enjoying international reputations in the art world and a number of whom have held senior positions in important museums. There is also frequent consultation with experts outside the Group. In addition the Group enjoys the support of a number of representatives whose main function is to assist in the maintenance and development of contacts with existing and new clients. From time to time staff are recruited for the Expert Departments from the Sotheby Works of Art Course in London where approximately 50 fee-paying students from many different countries are enrolled annually.

The permanent members of the staff number approximately 1,050 worldwide, of whom over 200 are shareholders; after the Offer for Sale Directors and other members of staff, together with their families, are expected to own approximately 33 per cent. of the enlarged share capital. Relations with members of the staff have always been, and continue to be, excellent; pension schemes are in operation covering almost all the staff in the Group.

Premises

Details of the Group's principal auction rooms and a summary of other properties are set out in Appendix I.

Each of the auction rooms in London, New York, Amsterdam, Los Angeles and Florence has offices and storage facilities and there are also extensive warehousing and shipping premises in London and New York. In addition, the Group has tenancies of its representative offices which are held on various short leases with rents subject to review. It is considered that there would be no significant difficulty in either obtaining renewals of all the Group's short leases on acceptable terms or finding suitable alternative accommodation. The auctions in Hong Kong, Johannesburg, Monaco, St. Moritz, Toronto and Zurich are held in rooms taken for the duration of the sales.

The Bond Street premises (together with the Group's freehold warehouse in London) were valued by Healey & Baker (surveyors, valuers and auctioneers of real estate) in June 1976 at £4,905,000 on the basis of the then current open market value with their existing use. This value has been incorporated in the balance sheet as at 31st August 1975 and subsequent balance sheets. Healey & Baker have revealed these properties on the same basis as at 25th March 1977 at £5,345,000. In the opinion of the Directors, the properties not valued by Healey & Baker have a total current market value in excess of book value.

While the existing premises are sufficient for the present requirements of the business, it is planned to improve and extend our Bond Street premises over the next two years at a cost currently estimated to be £750,000.

Use of Proceeds of Issue of New Shares

Of the 3,850,000 Ordinary Shares being offered under this Offer for Sale, 3,274,367 shares are being made available by existing shareholders and 575,633 are new shares being issued by the Company. In addition to these new shares, 100,000 new Ordinary Shares are being subscribed at the Offer for Sale price of 150p by Lane, Crawford Limited with whom we have a joint venture in Hong Kong involving the provision of services and premises in exchange for certain commission-sharing arrangements. The total amount subscribed for all the new share capital being issued will amount to approximately £1,013,000. It is proposed that the £150,000 subscribed by Lane, Crawford Limited, will be used by the Company to provide additional equity capital in its wholly-owned subsidiary, Sotheby Parke Bernet Inc., which in turn will use these funds for the general working capital purposes of its business. The balance of approximately £863,000 of new funds will be used mainly to meet the cost of improving and extending our Bond Street premises, as mentioned above.

Earnings Record

The vast majority of lots sold at auction by the Group realise relatively modest prices: for example, of approximately 200,000 lots sold during the 1975/76 season, over 80 per cent. realised £500 or less and over 60 per cent. £200 or less. The Group also sells a substantial number of lots of high value and individual collections of outstanding importance. In the 1975/76 season the prices of lots sold ranged from £1 to £727,000 and the Group dealt with thousands of consignors and purchasers from over 70 different countries.

In order to maintain its wide-ranging expertise as well as the ability to handle a large volume of sales on an international scale, the Group has to incur a high level of fixed overhead costs. Accordingly, earnings in any period are particularly sensitive to the total value of sales achieved which may be affected not only by our general level of activity but also by the incidence of major consignments in that period.

Continued

and provisions in the accounts of approved companies authorised by the Directors but not contracted for of £294,000.

The attractions of permanent health insurance

Last week the Occupational Pensions Board published its findings on one of its most difficult assignments: the investigation into the provision of pension scheme cover for disabled people. The difficulties which revealed themselves after the Government presented the brief in 1976 were several, ranging from the lack of a reasonable universal definition of "disabled" to a massive absence of any useful statistical evidence.

But despite the handicaps, the OPB has reported and its principal conclusion is that the "difficulty of finding employment is the greatest obstacle in the way of disabled people achieving membership of pension schemes and that once this is overcome, restrictions on admission to pension schemes are unlikely to be a significant problem."

In the course of its inquiries the OPB inevitably examined the question of permanent health insurance—inadequately named in the opinion of the many people who believe that long-term sickness insurance is a much better name—which obviously solves the problem for the person whose disability, whether mental or physical, accidental or not, has its onset during the course of his or her working life.

The evidence received by the OPB indicated that the number of long-term sickness benefit schemes was growing rapidly and that these had been encouraged in part by the Government pay policy. Unlike occupational pension schemes where no improvements are permitted, other than to bring a company scheme up to the required minimum level of

	Supplemental Life	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life Insurance	Group-Term Life 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Source: Kininmonth General Limited

benefits for contracting out, there are and have been no obstacles to the introduction and enlargement of permanent health insurance schemes.

Permanent health insurance provides a sickness benefit which becomes payable when an individual company's commitment to a sick employee ceases. An additional benefit which helps account for the attention it received in the OPB report is that the income can also be used to help maintain an employee's contributions to a company pension scheme which will become payable at the normal retirement age.

It is commonly accepted that there are three times more likely of disability of more than three months than there is of death and the man under

based on length of service, are frequently derisory low.

The case for permanent health insurance seems overwhelming. Most of us accept the need for some form of protection against death cover for which can be obtained either individually or indeed as part and parcel of a good occupational pension scheme. But the statistics of a long-term disability versus death.

Insurance brokers Kininmonth which has been researching this subject recently has come up with some fairly daunting information. During one's working life there are three times more likely of disability of more than three months than there is of death and the man under

40 stands a far greater risk of being incapacitated for more than three years at a stretch than he does of dying.

Individuals can buy permanent health insurance on their own initiative but there are advantages to obtaining it as a group benefit. For the employer the expense is tax-deductible and the payment is classed as earned income in the hands of the recipient. There is no tax relief for the individual purchase and the benefit is subsequently taxed as unearned income.

And, of course, there are the usual advantages of bulk buying for the employer who can reckon to spend between 0.5 to 0.75 per cent of his payroll on securing the benefits.

employee benefits continue to grow in popularity most responsible employers will probably wish to start investigating the possibilities of group permanent health insurance before they are pushed into it either by the government or by trades unions. Kininmonth is in anticipation of this increased demand has produced the comparative chart, reproduced here, which analyses the group schemes on the market according to nine key characteristics.

The table shades from A which is highly competitive to E which Kininmonth estimates as uncompetitive. The rows in the table cover the following points:

(1) Premiums: at the extreme a company may

charge twice as much as another for a specific set of benefits.

(2) Definition of disability: Ranging from paying out if an individual can't do his own job to insisting that he must try his hand at other more lowly ones if fit enough.

(3) Exclusions: there are startling variations in the small print ranging from one only precluding active participation in war to another listing 11 exclusions.

(4) Profit sharing: this is equivalent to a no-claim discount which is either available at an extra cost or not allowed.

(5) Escalator: this refers to the post-award increase in benefits over or up to 5 per cent, below that figure or not available.

(6) Maximum benefit: this is £15,000 a year at the top of the scale.

(7) Non-medical limits: can range from over £3,000 to under £2,000. Important distinction for employers who wish to avoid both inconvenience and possible exclusion of some employees. (Row 1) is for small companies; row (2) for companies with more than 50 employees.

(8) Residence and travel: a minor point indicating that some companies cover worldwide employees while others are more restrictive allowing only UK travel.

(9) Deferred period option: big companies may wish to defer payment but delay period can range from three to 24 months.

Margaret Stone

VAUX BREWERIES

INTERIM REPORT

In December 1976, the company announced a change of financial year-end from April to September and the extension of the current year to the 1st October 1977. This is therefore an unaudited interim report covering 12 months to 30th April 1977, by Paul Nicholson, the Chairman.

- Pre-tax profit was 16.8% ahead of last year and exceeded £5 million for the first time. In December 1976, we announced an interim dividend of 5.85% payable in August 1977. As we hope that tax is to be reduced to 33%, we now intend to pay 6.03% but will have to reduce the final dividend marginally if taxation rates are not reduced and dividend controls remain in force.
- The year has not been an easy one. Unemployment remains high in our main trading areas, reaching 13.2% in Sunderland. Whilst the summer of 1976 was not quite as exceptional as in the South of England and sales were only equivalent to 1975, our winter trade was better.
- We more than maintained our share in the North East of England although sales there were lower, particularly in our own pubs. However, this decrease was made up by the very good performance of S. H. Ward & Co., and by our success in developing new trade outside our traditional areas. Lager sales again increased and canned sales were well ahead.
- Following the launch of a new range of products by Lorimer's Breweries in Scotland, we have corrected the adverse trend in our Scottish sales with increased demand for canned beers and a substantial contract for a major supermarket chain.
- Swallow Hotels did much better business with higher room occupancies and increased sales of meals.
- During the year we acquired a group of five pubs in Glasgow and bought the Imperial Hotel in Newcastle-upon-Tyne. We also completed one new pub and disposed of 13.
- We believe that the outlook over the next few years is bright. We have a capital expenditure programme of over £30 million to develop all aspects of our business including rationalising Scottish production in Edinburgh, installing new lagering equipment at Sunderland and increasing the capacity of Ward's Brewery in Sheffield. However, as we only made just over 14% on our assets last year, I cannot understand the threatened political interference with our prices and profits when costs continue to escalate. A freeze on prices would mean a very serious review of whether political conditions were ever likely to be such as to justify our expansion programme.

The Annual General Meeting will be held in Sunderland on 5th August 1977. Copies of the Interim Report are available from the Secretary, Vaux Breweries Limited, The Brewery, Sunderland.

Comparative Figures	1973	1974	1975	1976	1977
Turnover	£1,100	£36,200	£44,450	£56,550	£62,700
Profit before Tax	3,618	3,808	3,893	4,423	5,165
Available for shareholders	1,991	1,665	2,023	2,241	2,576
Capital employed	30,855	32,619	38,540	41,721	45,268

We take pleasure in announcing that

JONATHAN G. WAGNEW JAMES W. LEWIS
BARRY C. GOOD THOMAS C. MELZER
ROBERT R. HENRY DAVID S. PHILLIPS

have been elected *Managing Directors of

MORGAN STANLEY HOLDINGS
Incorporated

MORGAN STANLEY & CO.
Incorporated

effective July 1, 1977

June 27, 1977

1251 Ave. of the Americas, New York, New York 10020

*Pending approval by the New York Stock Exchange, Inc.

Participating in a search for higher productivity in the office

In most negotiating the unions want to talk about pay and the company wants to talk about productivity. Sometimes if the climate is right, progress on both fronts is possible, to everyone's benefit.

This was the situation in the magazine division of Thomson Publications in 1974. Natopsa, which represented about 300 of the 310 clerical employees, was asking for a job evaluation and salary grading scheme for clerks. Over half were on the basic rate and had little recognition for differences in skill and job content.

The company agreed that salary grading should be done, but they also wanted a productivity increase to help meet the cost. Natopsa recommended they talk to W. D. Scott, a consultant that originated in Australia, which had recently completed a similar job evaluation. Scott's consultant, Mr. Ernest Baldwin, went into Thomson to help the company's own staff develop a scheme suited to their own situation.

The first step was to choose five clerical employees to form a committee to be trained as "analysts". The volunteer applicants were screened to find those with the best numerical and verbal abilities, and an orientation towards working with people. Then they had three weeks of residential training so they could help supervisors in job grading, using the Institute of Administrative Management scheme, as modified by W. D. Scott. In this scheme tasks within an employee's responsibility have pre-determined job content. Once people's tasks are analysed the job content can be looked up. Whatever is the highest grade work a person is doing for at least 20 per cent of the time becomes his or her job grade.

The supervisor, not the analyst, is responsible for analysing the job content, while the analyst is assigned full-time to a department for several months to work with the supervisor. The supervisor is also responsible for deciding the overall goal for efficiency of the department. Mr. Baldwin comments: "They know their own jobs and the consultant's role was giving them a tool with which to measure."

Once the 20 supervisors had finished a short training session, they began listing the content of each job in the department, after explaining the programme to the staff and union representatives. The goal was to chart all the procedures people in the department carried out. In detail, making every step of the employees themselves agreed as to the accuracy of the description.

Another operation with not dissimilar objectives is known as "Young Enterprise". It was formed in the mid-1960s, and in the next school year the chairman, Dr. Frank Taylor, expects about 5,000 youngsters between the ages of 15 and 19 to participate in its activities.

The idea is that groups of about twenty young people get together and form "companies". One of them will be managing director, another company secretary, and so on. Each company will normally have three advisers who will be local businessmen. It is intended that the companies should come as close as possible to simulating normal business activity, including drawing up articles of association and so on.

They will decide on a product, prepare a business plan, complete with profit forecasts, and manufacture, and hopefully sell, the product. The "companies" will usually

'A grading structure is not only intended to make for fairer pay but also opportunities for the employees to move up through it'

In the rare instance where someone persistently believed job grading had been unfair, an appeals committee existed but agreeing the work content was seldom difficult. If there was initial disagreement the analyst and supervisor reviewed the measurements, started again, or tried out with a representative before the committee to compare the actual tasks with the standard.

While the supervisor, the analyst, and the employee were going through the job-grading exercise, they were also questioning whether certain tasks were necessary at all. And if they were necessary, they explored whether the tasks were being done in the most efficient manner. Unnecessary reports and procedures were totally eliminated as they were found.

The role of the consultant is to train the organization so it can continue without further help. But from the consultant's viewpoint this means he seldom gets to see the results of his efforts. Within a year Mr. Baldwin was offered a position in Thomson's magazine division, and accepted happily.

He says: "I thought it would be a change to implement something rather than just recommend it. We want continuous improvement. This isn't a once and for all exercise. Once you finish, you start again. Partly as a result of the first study, we find changes in systems and procedures, and these create maintenance work for the analysts. Then there is new work in other departments that haven't been measured."

A committee was set up to monitor Thomson's Clerical Work Improvement Programme ("CWIP" for short). Instead of reporting their progress and goals to a single manager, as do a number of other organizations using the Scott approach, Thomson's supervisors report to this com-

mittee, which includes both union representatives and managers. At the monthly meetings supervisors describe their levels of performance and the committee helps remove any administrative or organizational obstacles to further improvement.

"The system can work for change, not against it," Mr. Baldwin comments. "We insist on a total measurement for the average throughout of work for a group, which can be related to the output of that group. A hypothetical invoicing group, for example, might spend 40 hours a month producing 40 invoices. That's one hour per invoice."

"After the survey the supervisor simply counts the number of invoices and multiplies by the standard to find out the standard time taken. This continuous review of the workload happens every month, and gives the supervisor a productivity index. Then you can get differences in the percentage between one month to the next, giving you a measure of how you're improving your productivity."

A grading structure is not only intended to make for fairer pay but also opportunities for the employees to move up through it. One lost a penny of income, not a job, through the grading and job evaluation. And the point of creating a measure of productivity is to unleash the natural desire people have to improve their work.

Normally the survey reveals that a department is over-staffed, once unnecessary tasks have been eliminated or streamlined. The company guaranteed that there would be no redundancy as a result of the programme. Some of the improvements in efficiency came about through normal "trimming" or by increasing the workload as a result of internal transfer and training.

The supervisors asked for more training after the programme was under way. Like most organizations of its size, the magazine division's average level of efficiency at the start was about 50 per cent. Today the average level is about 64 per cent—a 14 per cent saving, or an improvement of 28 per cent.

As the supervisors and employees become accountable for their tasks, they increase the pressures on middle management for other forms of employee participation, and for more efficient management and coordination. Mr. Baldwin concludes: "Participation is irreversible. If you can stop it, you weren't participating in the first place."

Nancy Foy

Selling industry to the young

It is common to hear in commercial and industrial circles complaints about the failure of the school and university system to do sufficient to educate young people in the ways of the business world.

This criticism is frequently associated with remarks to the effect that business itself does very little to offset this defect in the educationists. There is, however, evidence that, as a result of the very adverse climate of sentiment within which business has operated this decade, increasing efforts are being made to ensure that the case for business does not go by default in the schools.

One example is the "Understanding British Industry" project which was launched last year with the support of the CBI. It is financed by individual companies through an educational foundation, and has the aim of ensuring that teachers of 13 to 16-year-olds in secondary schools have an opportunity of acquiring an understanding of the contribution which commerce and in-

dustry make to the social and economic life of the nation.

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They will decide on a product, prepare a business plan, complete with profit forecasts, and manufacture, and hopefully sell, the product. The "companies" will usually

receive some help if necessary by way of provision of simple production facilities. The initial capital will be provided by selling 25p shares, but the sum thus raised is limited to £75.

The activities of each "company" are limited to one evening a week for a period of about eight or nine months.

Young Enterprise is a charity supported by about 200 industrial organizations. Dr. Taylor describes its objectives as being to familiarize young people with what goes on in free enterprise industry and commerce in the hope that this will help them in their choice of a career, and reach them the elements of understanding other people's jobs and the importance of team work.

It is also hoped that through it young people will learn something of industrial and economic life which will enable them to form views on at least some subjects of public debate.

Has the bad news worked itself through Charter?

There could hardly be more of a contrast than the recent results from Charter Consolidated and Selection Trust. In one corner, you find Selection Trust strutting at the least, brimming with confidence from its 50 per cent jump in pre-tax profits to £18,250,000—and a full 73 per cent jump at the attributable level thanks to the lower tax charge—and showing how well-timed its rush into United Kingdom assets like Amari, the North Sea and most recently Alexander Shand has been.

And in the longer run there are the Agnew, Teasdale, Bore and Debuter new ventures to provide hopefully a steady diet of good news. True, there are some doubts as to whether Selection Trust has the staying power given the steady cash commitments of the next few years to bring these operations to fruition and the scaling down of Agnew in particular coupled with the depressed state of the nickel market must make this a doubtful contributor to group funds.

Even so, Selection Trust has its Amari and Southern holdings to lean on, and in the meantime operating profits are coming through strongly enough both to water down the earlier undue reliance on sharedealing and reduce the p/a ratio to a more realistic 10 or so for the current year.

In the other corner, however, there is Charter looking a little punch-drunk and trying to regain its composure after the setbacks of recent years. The latest annual report is as defensive as any I can recall in the group's history and the new chairman, Mr. Murray Hofmeyr, even goes so far as to admit: "We have certainly had more than our fair share of the problems faced by the mining industry."

Yet, there is no gainsaying the strength of Charter's portfolio with investments like Anglo American, Ansett, Miniroc, reading like a Debutts of the mining industry. The overriding failure of the past five years, however, has been in not developing a new leg to stand on while at the same time dissipating those portfolio strengths in costly mining disasters.

No wonder, then, that Murray Hofmeyr regards the Cleveland Potash mine in Yorkshire as "crucial to the future of the company". Its failure would just about destroy all the vestiges of Charter's credibility as an entrepreneurial mining group, as well as leave a long-lasting scar on the balance sheet.

Charter is still gamely insisting that it is getting the better of the undulating seam, the water problems, the large areas of poor quality ore and the generally unsatisfactory underground conditions that are now causing labour headaches.

Shareholders have been hearing that refrain for years now, however, and there are still enough "concerning" reports (although the North Sea enthusiasm for Charter's rich round plum allocations must be a plus factor but by the same token I have no doubt that Charter is leaner, tighter ship under Mr. Hofmeyr. So long as he is breathing up to the 40,000 tonnes plus breakeven level this year while capital costs will ease remorselessly over the £105m level they have reached at present.

R Paterson hits a record

On turnover up from £9.63m to £13.68m, pre-tax profits of R. Paterson & Sons, the coffee and chicory essence group, rose from £433,000 to a record £458,000 in the year to March 26. The most generous payment as being lifted to the maximum allowed, from 3.15p to 3.51p gross. Profits are after crediting Paterson's share of profits from an associate of £179,000, against £120,000, debiting £87,000 and providing for losses in a Danish subsidiary of £73,000.

Raytheon-Falcon tie-up

Raytheon, the United States electronics and equipment group, and Falcon, Seaboard Incorporated, have agreed in principle to set up a tax-free combination of the two firms based on an exchange ratio of one share of Raytheon common for each share of Falcon com-

Mining

The other imponderable the attitude of partner IC is taking. The company keeping very quiet at the moment (you will not find a mention of Cleveland in the annual report) but it is clear IC is unhappy about the cost overrun—one IC director told me resignedly that "it's a like running a nylon plant, it's."

For the rest, Charter's profit and loss account is becoming increasingly irrelevant, understanding the group with the maze of extraordinary write-offs and provisions.

All this does not, however, escape the balance sheet when despite the rise in operating profits, retained earnings have not increased. Shareholder funds—£210m—share the balance of three years and net assets share of 255p are actually lower than 10 years ago. Cash flow, too, is negligible while last year also saw £13,300,000 surplus of liquid funds transformed into a liability of £3,200,000.

One other point worth mentioning is the way the repurchases over the development of the joint venture in Malaysia, the joint venture in Selangor, and the project of a "considerable promise" owing to mention the difficult mining conditions there. In deed, the Government is showing few signs of proceeding with the project of a "don't tell" Plantation Holding which stands to lose if Brooklands Estate if it does and the board there are no losing any sleep on that score.

So where does this leave Charter as an investment? With the prospect of a "considerable promise" owing to mention the difficult mining conditions there. In deed, the Government is showing few signs of proceeding with the project of a "don't tell" Plantation Holding which stands to lose if Brooklands Estate if it does and the board there are no losing any sleep on that score.

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Ronald Puller

Kreditanstalt drop

Shares of Schweizerische Kreditanstalt closed lower on the Zurich Bourse ahead of today's extraordinary general meeting. Bankers said the severe thousand shareholders are expected to attend.

American Standard

American Standard Incorporated is confident of the outlook for 1977 and estimates net income by 1981 of \$110 (about \$64.7m) on sales of \$3,000m the company president, Mr. William M. Mearns, says. The group's first quarter operating earnings rose by 33 per cent to \$23.9m against last year's \$17.9m in the same period.

ROWTON HOTELS

Points from the Statement by the Chairman
Mr. W. B. Harris, Q.C.

RESULTS Turnover in 1976 increased from £2,844,206 to £3,416,038 and trading profit from £458,412 to £579,494. Profits before tax rose from £537,356 to £697,307. Maximum permissible dividend recommended.

HOTELS Occupancy of London Hotels (Mount Pleasant, London Park and the Grand) appreciably up. The Mill Hotel, Sudbury, contributed to profits after its first full year trading. More than a third of group turnover came from overseas guests.

HOSTELS Gross receipts from London Hostels showed satisfactory increase. At Parkview, in Birmingham, occupancy improved but less than expected.

INVESTMENTS Realisation of holding in Artogen Properties, as a result of a takeover, brought £840,758 (against cost of £60,021). Proceeds reinvested.

PROSPECTS Another busy trading year expected with steady growth in turnover. Group in strong position to further progress.

FINANCIAL NEWS AND MARKET REPORTS

Slowdown in the offering of issues has caused prices to harden

A marked slowdown in the volume of new Eurobond offerings over the past two weeks has resulted in a stampede for most of the few offerings available, writes *AP-Dow Jones*.

Terms of three Eurodollar issues were either revised in favour of the borrower or increased in size last week to adjust for the buoyant demand while the coupon rates for two Eurodollar offerings were cut by a quarter point to discourage too much investment.

One example of the primary market's exuberance was an offering of Canadian Pacific (Bermuda) notes. Not only was the amount increased by \$10m to \$40m, the coupon rate was cut a quarter point to 8.25 per cent and the issue was priced above par at 100.5.

Thus, the yield to maturity of the issue came to 8.15 per cent compared with an indicated 8.5 per cent when the issue was first scheduled for offering on June 10.

Despite the significant revision of the terms in favour of the issuer, the notes were trading near issue price Friday at

Euromarkets

100-100.38. Moreover, the shipping company's issue was very successful even though there was no guarantee by the parent company, Canadian Pacific.

Mexico's prospects for at least \$3,000m worth of oil exports by 1982 boosted demand for a five-year, 9.0 per cent note issue of Petroleos Mexicanos (Pemex). Consequently, the issue was increased by \$25m to \$75m and the price set at par.

The coupon rate for a \$20m eight-year note issue of Gist Brocades Internationale NV, a financing subsidiary of the Dutch Pharmaceutical Company, was reduced a quarter point to 8.25 per cent. However, the syndicate manager, Amsterdam-Rotterdam Bank, said the borrower had decided not to increase the offering.

An exception to the general trend among new issues was a \$50m, eight-year note issue of

Walker Kilde Overseas Finance NV. Priced at par bearing 8.5 per cent the issue was quoted on Friday at 98.25 to 98.75, suggesting that this particular issue met with a rather cool investment response.

The parent company and guarantor, Walker Kilde and Co. Incorporated, is a conglomerate engaged in the manufacture of consumer, commercial and industrial goods as well as security and protection products and services.

In the Deutsche mark sector, the coupon rate of a DM100m seven-year note issue of CIE Francaise des Petroles was reduced a quarter point to 6.5 per cent and the price set at par. A similar coupon rate reduction was made for a DM150m, seven-year, Manitoba Province issue. However, the price of the 6.5 per cent issue was set at 99.5 so that the yield to maturity worked out to 6.59 per cent.

In the after-market, both issues were trading at or near par despite the coupon reductions. As of Friday afternoon, only \$255m worth of issues were scheduled for offering compared with 290 a week earlier and \$915m a month earlier.

Freight report

In a week when little emerged from any part of the tanker market to provide inspiration, it was the Mediterranean sector which tended to display the strongest tone. Much of this was due to a favourable supply and demand position developing for vessels of around 80,000 tons dead weight.

As a result, rates for this particular size of ship moved up several points. It is unlikely this situation will be prolonged as the opportunity of obtaining improved rates elsewhere brings tankers running from other areas.

Shell had a busy time making a foray into the Caribbean booking three vessels from 50,000 to 52,000 tons part cargo for oil voyages to the Atlantic and Gulf coasts. All three vessels were fixed at worldscale 70 or just under. Previously to this Shell had also taken a tanker to cover a 30,000 ton part cargo from the Caribbean to West Africa.

The volume of business in the Gulf fluctuated slightly with about a dozen larger vessels more than 100,000 tonnes dead weight being fixed. Of these, approximately half were v.l.c.s. and in common with recent weeks the average rate obtained was worldscale 20.

Targeted v.l.c.s. also featured in trading with one firm booking, and one rechartered. The former involved the 328,000 tonner Al Rawdah which was taken for a Gulf-Caribbean trip at worldscale 17.5. The centre of the rechartering fixing was the Bremen which was chartered at worldscale 15-16 for a European trip. This rate level which would have been already unprofitable going rate, was explained away by the fact that she would have been going to an area where she could have easily been laid-up.

Later reports however suggested this information was incorrect.

David Robinson

Losses at Hygena keep Norcross to £12m pre-tax

By Richard Allen

A near £5m plunge from profit to loss in the Hygena kitchen furniture business left Norcross, the industrial group, reeling last week.

Pre-tax profits for the twelve months to March 31 were a mere £1,000 up on last year's figure at £12,085m, despite strong improvements on all fronts except the troubled consumer division.

Here a jump from £95,000 to £558,000 in the double-glazing division provided little compensation for Hygena's swing from profits of £12m to losses of £3.6m last year.

Hygena has been hit by a significant market decline and fierce competition, and although moves to cut capacity by as much as 50 per cent should result in a break-even position by the end of the year, the division is expected to show an overall loss in 1977.

Elsewhere, savings and over-extended business have more than compensated for weak demand in the United Kingdom. The construction division has doubled profits to £3.4m while engineering profits have increased 55 per cent to £2.2m.

Printing profits are 20 per cent ahead at £3.2m and overseas profits have jumped from £2.5m to £3.2m.

A tax charge of less than 30 per cent as a result of capital allowances and depreciation on plant leaves attributable profits 34 per cent up at £7.8m and earnings per share are 13.93p against 11.32p.

A final payment of 3.78p gross takes total dividends up by the 31 times covered 6.09p gross. The latest balance sheet shows a reduction in the ratio of debt to shareholders' funds from 67 per cent to 59 per cent.

Cash and deposits which last year earned £1.5m now stand at £10.5m.

Need for mechanism to balance copper supply and demand

Commodities

Creation of an intergovernmental body to work with both sides of the copper industry is believed by the International Wrought Copper Council (IWCC) to be the simplest and most effective way to ensure that production and consumption match as closely as possible.

In its annual report the IWCC says that the use of either an international buffer stock or a number of buffer stocks to moderate the effects of short-term variations in demand may be a necessary part of any overall solution to the problem of excessive price fluctuations.

But such a stabilizing system will remain incomplete, and therefore ineffective, unless there is also a mechanism for establishing a true market price and also some control over copper production in relation to consumption.

Any solution to the price fluctuation problem which does not incorporate a mechanism for balancing supply and demand would seem in the long term, bound to fail.

An intergovernmental study group would produce statistics necessary to enable a balance between supply and demand to be maintained and would act in an advisory capacity to both producing and consuming countries.

Saying that a continuing dialogue between producers and consumers can only help, the IWCC adds that establishment of a study group would facilitate further elaboration of the idea of a buffer stock and any other scheme which might appear to be appropriate to solve the industry's problems.

In the fourth edition of its *Copper Trends 1970-1980* Unpublished Memo, Trading says it is probable that the world copper supply will expand only slowly in the period to 1980.

forecasts of consumption, supplies will continue to be in excess of demand in the period to 1980, with estimated western world inventory of refined copper rising from 2.7m tonnes in 1976 to nearly 4m tonnes in 1980.

Clearly such a development is unacceptable as it implies prices, other than for short periods, remaining below 60 cents per lb during the next three years.

"Either all producers in the western world must co-operate in cutting production to reduce world inventories to more manageable proportions, an unlikely development in the immediate future, or there will have to be major mine and plant closures."

The report adds that the various deliberations by western world leaders suggest that in due course a common fund designed to stabilize commodity prices will be established with copper as an important participant.

"Whether such schemes will ultimately prove beneficial to either producers or consumers is highly questionable. For 1977, AMT forecasts refined production to increase by about 65 per cent to nearly 7m tonnes and refined consumption by some 4 per cent to 6.7m tonnes. At the three-year period to 1980 refined production and consumption are both forecast to increase by 21 per cent to 8.1m tonnes and 7.8m tonnes respectively compared to that of 1976."

Fundamentally, says AMT, there appears to be an immediate relief to prices in the 35-60 cents per lb (£13-£7.78 per tonne) range. But with the market as likely to remain in a volatile manner to any short-term improvement in sentiment, "later this year the pressure to stimulate further many of the world's economies may

become irresistible and prospects of further significant increases in refined copper supplies in Japan and United States in 1978 are likely to lead to higher prices by next year."

Referring to the risk of long strikes at United States producer plants when agreements expire later this month, AMT remains sceptical in the view expressed in October, 1976 *Trends* as long strikes is unlikely.

"It says that the pattern of settlements in the United States and Canada, the weak balance of copper producers, the psychological effect on workforce of two period job retrenchment occur within 18 months suggests an agreement is likely to be reached without recourse to long strikes."

"We therefore continue to believe that if there is a strike it is unlikely to last longer than six weeks."

A two-day meeting in I last week of the Council of Copper Exporting Countries (COCOP) with no decisions being taken on policy, although it was agreed to continue studies in the future.

Predictably, the mini gave a warning that the "unusually low level of copper prices arising from economic conditions of consequent weakness of demand" endangers both economic and social equilibrium of the exporting countries.

Integrated under the auspices of the United Nations Conference on Trade and Development, CIPEC expressed resolve of members to ensure that the new studies assign the United group of export should lead, within the limits set.

Wallace Jackson
Commodities Editor

Eurobond prices (yields and premiums)

US \$ STRAIGHTS	Offer	Reign	Price	Yield	Premium
100-100.38	100	100	100	8.15	0.38
100-100.38	100	100	100	8.15	0.38
100-100.38	100	100	100	8.15	0.38
100-100.38	100	100	100	8.15	0.38
100-100.38	100	100	100	8.15	0.38
100-100.38	100	100	100	8.15	0.38
100-100.38	100	100	100	8.15	0.38
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100-100.38	100	100	100	8.15	0.38
100-100.38	100	100	100	8.15	0.38
100-100.38	100	100	100	8.15	0.38
100-100.38	100	100	100	8.15	0.38
100-100.38	100	100	100	8.15	0.38

Unit Trust Prices—change on the week FT Index change on week 449.6+8.0 (13.8%)

Unit Trust	Current	Change	Unit Trust	Current	Change
100-100.38	100	0.38	100-100.38	100	0.38
100-100.38	100	0.38	100-100.38	100	0.38
100-100.38	100	0.38	100-100.38	100	0.38
100-100.38	100	0.38	100-100.38	100	0.38
100-100.38	100	0.38	100-100.38	100	0.38
100-100.38	100	0.38	100-100.38	100	0.38
100-100.38	100	0.38	100-100.38	100	0.38
100-100.38	100	0.38	100-100.38	100	0.38
100-100.38	100	0.38	100-100.38	100	0.38

Bank Base Rates

Barclays Bank	8 1/2%
Consolidated Crdts	8 1/2%
First London Secs	8 1/2%
C. Hoare & Co	8 1/2%
London & Lanc	8 1/2%
Midland Bank	8 1/2%
Nat Westminster	8 1/2%
Rossminster Acus	8 1/2%
Shedley Trust	11 1/2%
Williams & Glyn's	8 1/2%

STET offering of \$40m notes

Società Finanziaria Telefonica per Azioni (STET) will shortly offer through its subsidiary, SOFTE, in Luxembourg U.S. \$40m of six-year guaranteed notes. The coupon is expected to be 9 1/2 per cent and the issue price will be fixed in the high end of market conditions. The issue will be managed by a syndicate of banks headed by Hill Samuel and Kredietbank S.A. Luxembourg.

Application has been made to list the notes on the Luxembourg stock exchange. STET is the holding company through which IRI (Istituto per la Ricostruzione Industriale), the major Italian state investment company, wholly owned by the Republic of Italy, holds its interest in the telecommunications and electronics industries.

More share prices. The following will be added to the London and Regional Share Price List tomorrow and will be published daily in Business News: Commercial & Industrial, Leigh Interests, Lyon & Lyon.

M. J. E. NIGHTINGALE & CO. LIMITED

62-63 Threadneedle Street, London EC2R 8HP. Tel: 01-638 8651

Capitalisation	Company	Price	Change	Yield	P/E
1,850	Airsprung Ord	37	+2	4.2	11.5
327	Airsprung 18 1/2% CULS	123	+3	18	10.6
850	Armitage & Rhodes	35	+1	3.0	8.6
1,919	Deborah Ord	143	+1	8.2	5.8
298	Deborah 17 1/2% CULS	149	+1	17.5	11.8
19,358	Frederick Parker	134	+1	11.5	8.6
7,251	Henry Sykes	85	+3	2.4	2.9
11,179	James Burnough	81	-	6.0	7.4
2,356	Robert Jenkins	280	-	25.0	8.8
2,777	Twinkl Ord	13	-	-	-
1,692	Twinkl 12 1/2% ULS	62	-	12.0	19.4
2,785	Uniflock Holdings	64	-	6.1	9.6
4,737	Walter Alexander	75	-	5.8	7.8

Readicut new record levels

- * Profit at £7,218,573 up by £1,618,729
- * Sales at £67,720,000 up by £19,120,000
- * Export Sales at £17,681,000 up by £7,086,000

SUMMARISED RESULTS

Years ended 31st March	1977	1976
Sales	67,720,000	48,600,000
Profit before taxation	7,218,573	5,599,844
Profit after taxation	3,538,372	2,746,827
Profit after taxation and extraordinary items	3,730,234	2,489,075
Amount absorbed by Preference and Ordinary Interim and Final Dividends	1,124,771	726,751
Group Profit Retained	2,605,463	1,762,324
Earnings per share	4.755p	4.277p

Copies of the Report and Accounts can be obtained from the Secretary, Horbury, Wakefield, West Yorkshire.

Readicut International Limited



THE TIMES SHARE INDICES				
The Times Share Indices for 1946-47 (base date June 1, 1946 original base date June 1, 1936)				
	Index	% Chg. from 1936	% Chg. from 1939	% Chg. from 1946
The Times Industrial Share Index				
Industrial shares	186.97	6.66	11.21	+3.74
London 186.97	6.67	11.27	—	+3.75
Edinburgh 186.97	6.70	11.42	—	+3.77
Central London 186.97	6.73	11.47	—	+3.78
Foreign shares	191.42	7.15	11.75	+3.84
Times Financial Share Index				
Financial shares	124.14	6.44	—	+6.47
London financial and industrial	124.14	6.46	—	+6.54
Foreign shares	124.14	6.42	—	+6.52
Combined Share Index				
Combined shares	127.54	5.97	11.41	+4.93
Industrial Share Index				
Industrial shares	186.97	6.66	11.21	+3.74
Foreign shares	191.42	7.15	11.75	+3.84
Times War Loss Share Index				
A record of The Times Industrial Share Index is given below:				
	Index	% Chg. from 1936	% Chg. from 1939	% Chg. from 1946
1936	186.97	—	—	—
1937	191.42	2.38	—	—
1938	195.87	2.38	—	—
1939	195.87	2.38	—	—
1940	195.87	2.38	—	—
1941	195.87	2.38	—	—
1942	195.87	2.38	—	—
1943	195.87	2.38	—	—
1944	195.87	2.38	—	—
1945	195.87	2.38	—	—
1946	195.87	2.38	—	—
1947	195.87	2.38	—	—

* This interest yield.



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